EURO DISNEY S.C.A.

2002 ANNUAL REPORT

A Key Year For a Unique Destination

CONTENTS

Disneyland® Resort Paris, The Three Magic Words That Make Us Unique.

"During the first six months we welcomed more than two million visitors, making Walt Disney Studios® Park the second most visited park in France after Disneyland® Park."

Before I answer any questions, I would like to express my thanks to all the Cast Members of Disneyland® Resort Paris for their hard work and dedication, that helped make this very special year a success. I also wish to thank our shareholders and partners for the confidence they have shown in our Company.

What do you mean by "very special year"?

Jay Rasulo : 2002 marked a major step in the evolution of the Company. As planned, we opened a new Park, Walt Disney Studios® Park on March 16, a milestone that has given a whole new dimension to Disneyland Resort Paris. Despite the unfavourable context for tourism and for the economy, the Park's launch was an undeniable success. During the first six months we welcomed more than two million visitors, which makes Walt Disney Studios Park the second most visited park in France after Disneyland® Park. A success also because the Park opened on time and on budget, and had high operational reliability from day one.

How do you view the performance for 2002?

J.R. : Although our net results were below management expectations, we had many positive signs for the underlying strength of the Company. The combined attendance for both Parks rose 900,000 to 13.1 million visitors. This represents a considerable growth in a difficult climate for tourism, although less than our expectations. Not only did we have more guests, but they spent more.

2002 Was An Important Step Towards Our Objectives

Our results could have been better had we had more on-site hotel capacity. During fiscal year 2002, the occupancy rate of our Hotels was 88.2%, which represents an increase above that anticipated in our forecast despite the negative impact of the September 11 events on business travel. From the opening of Walt Disney Studios Park until the end of the fiscal year, our Hotel occupancy rate rose to 95%. In August, every one of our 5,800 rooms were occupied every night but one.

Of course, the pre-opening expenses of Walt Disney Studios Park have also negatively impacted our results. It should be noted that these expenses were classified as exceptional ; we chose not to defer and amortise them and therefore they will not impact our results in the coming years.

What do these results say about your long-term strategy?

J.R. : These results indicate that our strategy is sound and is built on solid foundations. In 2002, Disneyland Resort Paris reinforced its position as Europe's leading tourist destination. With the opening of Walt Disney Studios Park, the Resort has added a new dimension, unrivalled in Europe, thus strengthening the attractiveness of the Resort.

The strongest confirmation of our strategy comes from our guests' reaction : they have fully adopted the concept of the Resort. As we had predicted, our guests stay longer and they spend more, both per day and for their entire stay. They are extremely pleased with what they find. Two thirds of our guests declared that they firmly intended to come again to the Resort and almost 90% of our guests said that they would recommend the Resort to their friends and relatives, the best indications of the long-term success of our model.

But will global market trends support your strategy?

J.R. : This is another major reason why I am confident in our strategy : leisure and theme parks are a growth business in Europe. Various studies carried out by analysts in recent months confirm that, although the theme park market has doubled over the past ten years, it is still underdeveloped as compared to North America and Asia, and that there is room for rapid growth in the future.

In our business, experience has shown that offer creates demand. During the past ten years, investments in new parks and new attractions have contributed to boost attendance throughout Europe. Europeans show increasing interest in parks for their leisure and holidays. They have a better awareness to the offer in other European countries and are now more willing to travel in order to visit them. In particular, they seek greater variety and quality. On all these measures, Disneyland® Resort Paris is undeniably the market leader. Therefore I am convinced that there is a high potential for development and that we are in the best position to take advantage of this growing demand.

My confidence is further bolstered by our strength in real estate development, the other facet of the Master Agreement signed in 1987 with the French state and other public parties. Today we are near the half-way point in this ambitious 30-year master plan, which consists of the development of both a major tourist destination and a centre of economic activity in the East Parisian region. This master plan provides us with unparalleled opportunities for growth over the long-term.

But how do you intend to deliver the results in the short-term?

J.R. : Of course, any vision needs to be supported by an action plan. That's why we launched a few months ago a plan called the "5 P's" to focus the Company on the five areas in which we must excel to succeed in our strategy : Performance – generate more revenues ; Productivity – control costs ; Product Quality – maintain our competitive advantage in the quality of our products ; Partnership – work with other industry leaders to provide a growing range of products and services at the Resort ; and Personal and Professional growth for our Cast Members. By mastering these fundamental areas, our management will be able to deliver against our growth strategy.

We know that you are leaving your post as chairman and C.E.O. of Euro Disney S.A. Can you tell us more?

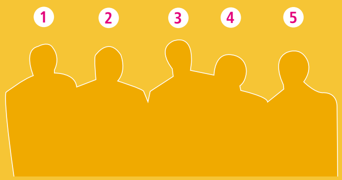
"Today, we are near the half-way point in this ambitious 30-year master plan, which consists of the development of both a major tourist destination and a centre of economic activity in the East Parisian region."

J.R. : I have been appointed to new functions within The Walt Disney Company as President for Disney Parks and Resorts world-wide as well as the Disney Cruise Line, professional sports teams and "Imagineers". I must confess that it is with some regret that I shall leave Euro Disney. But I know that with the highly competent management team in place, and thanks to the ambitious action plan that we have developed, the growth strategy that I have implemented during these past three years will continue to be pursued in the future.

Besides, in my new role I will continue to bring to bear the support of The Walt Disney Company to achieve the strategy of Disneyland Resort Paris for I am convinced that it is the right one.

Jay Rasulo
Chairman and Chief Executive Officer
of Euro Disney S.A.

It Takes Solid Management to Reach Our Goals...



1 **YANN CAILLÈRE,** SENIOR VICE-PRESIDENT OPERATIONS,
joined the Company in March 1995 before being named Vice-President of Hotels and Disney® Village Operations in September 1997. Yann was promoted to Senior Vice-President Operations in April 2002.

2 **JAMES A. RASULO,** CHAIRMAN AND CHIEF EXECUTIVE OFFICER,
joined The Walt Disney Company in 1986 and held positions of increasing responsibility in Strategic Planning. Jay joined the Gérant as Executive Vice-President in August 1998 and was named President and Chief Executive Officer in May 2000.

3 **SERGE NAÏM,** SENIOR VICE-PRESIDENT FINANCE AND NEW ACTIVITIES,
joined the Company in 1992 as Director of the Costuming Department and then held a number of positions in Disneyland® Park Operations. Serge has been in his current role since January 2000.

4 **JEAN-CLAUDE OLIVIER,** SENIOR VICE-PRESIDENT HUMAN RESOURCES,
joined the Company in September 2002. Jean-Claude has acquiring a strong and extensive background in Human Resources management through a career spanning almost 30 years.

5 **DOMINIQUE COCQUET,** SENIOR VICE-PRESIDENT DEVELOPMENT AND EXTERNAL AFFAIRS,
joined the Company as Manager of Real Estate Finance in 1989. Dominique was named Secretary-General and Senior Vice-President of Real Estate in July 1994.

The Five P's

Our new organisation is based upon a close teamwork, with a goal to consolidate but also develop our proven strategy in the years to come with best conditions of efficiency, flexibility and reactivity.
To achieve our strategic vision we have developed a three-year programme that we call the "5P's programme", which focuses on :

P FOR PERFORMANCE : for all the sectors of our activity - Tourism and Real Estate Development - our efforts must be driven towards additional revenues.

P FOR PRODUCT : quality is a fundamental element of our competitiveness. We will reinforce our products by continually offering attractive special events. Halloween is a great success and so is Christmas.

...and Develop our Proven Strategy

In January the Chinese New Year will be celebrated during two exceptional evenings in Walt Disney Studios® Park. In February and March a new seasonal event will be launched : The Jungle Book Carnival, coinciding with the release of The Jungle Book 2, a new Disney animation movie.

P FOR PRODUCTIVITY : our operational margin must be constantly improved. Our cashflow depends on this margin.

P FOR PARTNERSHIP : we will continue developing alliances with leaders in their sectors of activity – tour operators, hotel chains, the City of Paris, main distribution brands, etc.

P FOR PROFESSIONAL GROWTH AND PERSONAL DEVELOPMENT : all the above is possible only if we can rely on our Cast Members' talents. This is why we are initiating a new training program for all the management teams and are asking them to concentrate their energies on optimising our revenues and the return on investment.

Organisation

Euro Disney S.C.A. is a *Société en Commandite par Actions*. This structure introduces, under French law, a clear distinction between the *Gérant*, which is responsible for operating the Company, and the Supervisory Board, which oversees the management of the Company.

The *Gérant*

The *Gérant* of the Group is Euro Disney S.A., a French corporation, which is an indirect 99%-owned subsidiary of The Walt Disney Company.

...In an Environment of Corporate Governance

The Supervisory Board of Euro Disney S.C.A.

The role of the Supervisory Board is to monitor the general affairs and the management of the Company in the best interest of the shareholders and to oversee the quality of the information communicated to them. The Supervisory Board Members' Charter dictates fundamental obligations to which the members of the Board must conform. Several obligations in this charter go well beyond the demands of the law and the Company's by-laws, requiring for example, each board member to own at least 1,000 Euro Disney S.C.A. shares. Four Supervisory Board meetings were held in fiscal year 2002.

A Financial Accounts Committee, composed of three members of the Supervisory Board, was created in 1997 to review accounting and reporting issues as well as the internal and external audit processes. The members of the Financial Accounts Committee are Mr Antoine Jeancourt-Galignani, Dr. Jens Odewald and Mrs Laurence Parisot. Three meetings of the Financial Accounts Committee were held in fiscal year 2002.

Our Supervisory Board Members are :

• **ANTOINE JEANCOURT-GALIGNANI,** President of the Supervisory Board, was elected to the Supervisory Board in 1989, and was appointed as Chairman in September 1995. He is currently President of Gecina. The term of office of Mr Jeancourt-Galignani expires at the close of the Annual General Meeting which will deliberate upon the annual financial statements of the fiscal year ending September 30, 2004.

• **SIR DAVID PARADINE FROST** was elected as a member of the Supervisory Board in 1999. He is currently President of David Paradine, Ltd. and co-founder of London Weekend Television. The term of office of Sir David Paradine Frost expires at the close of the Annual General Meeting which will deliberate upon the annual financial statements of the fiscal year ending September 30, 2004.

• **PHILIPPE LABRO** was elected as a member of the Supervisory Board in 1996. He was Vice-President and General Manager of RTL France Radio. He is currently Project Director, Design and Operations of PhLCommunication SARL. The term of office of Mr Philippe Labro expires at the close of the Annual General Meeting which will deliberate upon the annual financial statements of the fiscal year ending September 30, 2004.

• **SANFORD M. LITVACK** was appointed as a member of the Supervisory Board in 1995. He previously was Vice-Chairman of the Board of Directors of The Walt Disney Company and served as The Walt Disney Company's Senior Executive Vice-President and Chief of Corporate Operations from 1994 to 1999. He also served as The Walt Disney Company's Executive Vice-President, Law and Human Resources, and earlier as Senior Vice-President and General Counsel. He is currently a consultant to The Walt Disney Company. The term of office of Mr Sanford M. Litvack expires at the close of the Annual General Meeting which will deliberate upon the annual financial statements of the fiscal year ending September 30, 2002.

• **DR JENS ODEWALD** was elected as a member of the Supervisory Board in 1989. He is currently President of the Supervisory Board of Eurobike AG, Systematics AG and Tchibo Holding AG. The term of office of Dr Jens Odewald expires at the close of the Annual General Meeting which will deliberate upon the annual financial statements of the fiscal year ending September 30, 2002.

• **LAURENCE PARISOT** was elected as a member of the Supervisory Board in 2000. She is currently President of IFOP. The term of office of Laurence Parisot expires at the close of the Annual General Meeting which will deliberate upon the annual financial statements of the fiscal year ending September 30, 2002.

• **THOMAS O. STAGGS** was elected as a member of the Supervisory Board in 2002. He is currently Senior Executive Vice-President and Chief Financial Officer of The Walt Disney Company. The term of office of Mr Thomas O. Staggs expires at the close of the Annual General Meeting which will deliberate upon the financial statements of the fiscal year ending September 30, 2004.

A complete list of other positions and directorships currently held by each member of the Supervisory Board, as well as the compensation paid by the Company to each individually during the fiscal year 2002, is detailed in the Group Financial Report (pages 12 and 13).

"Two unique events have impacted this year's results : the reimbursement of the Convertible Bonds and the opening of Walt Disney Studios® Park".

Serge Naïm
Senior Vice-President
Finance and New Activities

2002 Financial Overview

Fiscal Year 2002 was marked by the opening of our second Theme Park, Walt Disney Studios® Park.
For the full fiscal year, and particularly since Walt Disney Studios Park opened, record attendance, occupancy and per guest spending have been achieved despite the weak tourism environment. Consequently, Resort Segment revenues increased 8.3% for the full fiscal year and, for the second half of the fiscal year, Theme Parks revenue growth was 13.1%. Consolidated annual revenues increased 7%.

Fiscal year 2002 operating margin decreased by € 9.5 million to € 175.7 million, resulting from a slightly increased Resort Segment margin of € 2.2 million, offset by an anticipated decrease of € 11.7 million in the Real Estate Development Segment margin.

We incurred € 37.2 million pre-opening expenses related to Walt Disney Studios Park, out of the total exceptional losses of € 38.0 million. These expenses included the costs of hiring and training employees for Walt Disney Studios Park during the pre-opening period as well as the costs of the pre-opening advertising campaigns and media events which took place throughout February and March 2002.
Fiscal Year 2002 net results – a € 33.1 million loss – were significantly impacted by these exceptional pre-opening expenses and higher lease and net financial charges, primarily due to scheduled principal repayments on the debt of the financing companies.

Already More Than 13 Million Visitors with a Very High Rate of Satisfaction

(€ in millions)	2002	2001	2000
REVENUES	1,076.0	1,005.2	959.2
INCOME BEFORE DEPRECIATION, LEASE AND FINANCIAL CHARGES	239.8	239.2	225.6
INCOME BEFORE LEASE AND FINANCIAL CHARGES	175.7	185.2	175.8
LEASE AND FINANCIAL CHARGES	(170.8)	(147.5)	(138.3)
INCOME BEFORE EXCEPTIONAL ITEMS	4.9	37.7	37.5
NET INCOME/(LOSS)	(33.1)	30.5	38.7
CASH FLOWS FROM OPERATING ACTIVITIES	48.7	143.6	168.9
CONSOLIDATED BORROWINGS*	2,219.8	2,569.1	2,356.1
EQUITY AND QUASI EQUITY	1,397.6	1,430.7	1,400.2
INVESTMENTS**	277.5	243.9	206.5
INCLUDING FOR WALT DISNEY STUDIOS PARK	228.6	191.2	167.7

**including debt of the unconsolidated Financing Companies and excluding the bonds redeemable in shares (ORAs)*
*** including deferred charges*

Breakdown of visitors by transportation

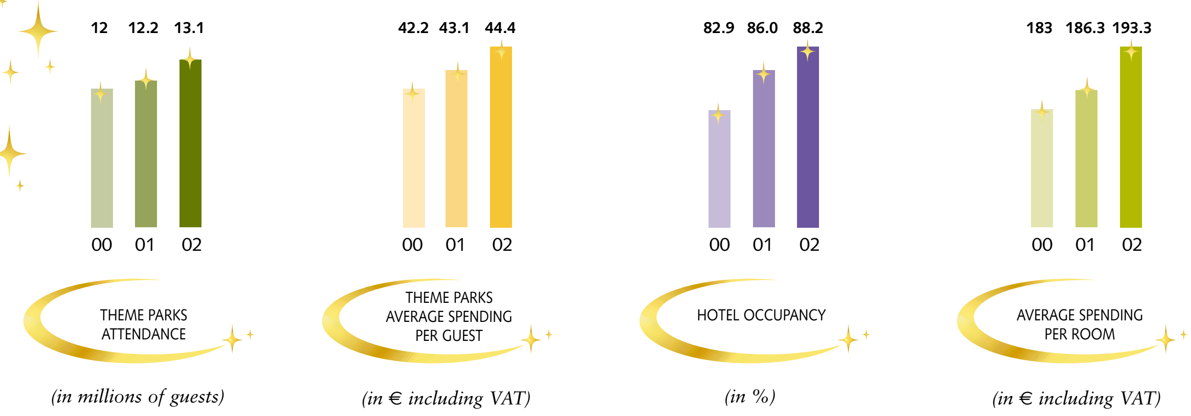
56.1% CAR

14.6% COACH

12.6% PLANE

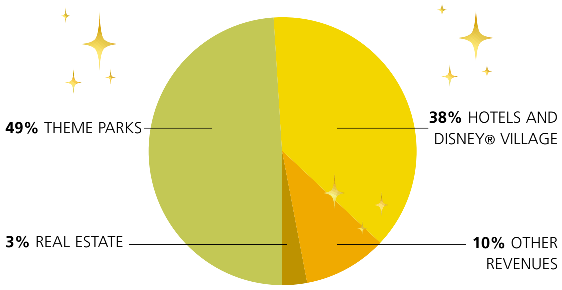
12.5% TRAIN

4.2% RAILWAY

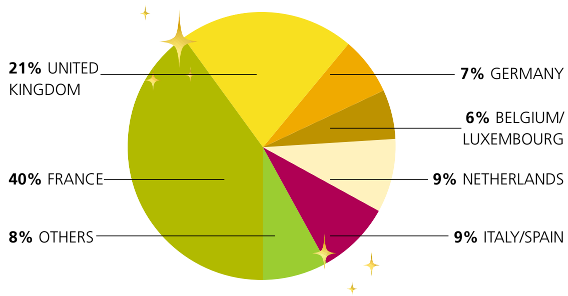


89% of Disneyland® Resort Paris Guests Intend to Recommend the Destination

Breakdown of revenues by activities in 2002



Geographical breakdown of Theme Parks Visitors in 2002



Stock exchange and particularly hotel, tourism and leisure stock values have been affected by an unfavourable general macro-economic context. In that context, Euro Disney S.C.A. shares have performed lower than the SBF 120 index level, resulting in a decrease in our market capitalisation and lower volume of stock exchanged than the previous year.

Euro Disney S.C.A. shares have been traded on the London, Paris and Brussels stock exchanges since Novembre 6, 1989. As part of the financial restructuring of June 8, 1994, Euro Disney S.C.A. offered shareholders 170 million warrants, one warrant per share. In the same context, the Company also issued bonds with share warrants attached (OBSA), the subscription for which was reserved for the lenders. Collectively the 290 million warrants are freely negotiable and quoted separately from the shares at the Paris stock exchange, offering holders the right to subscribe, at a cost of € 6.10 for 1.069 new shares for three warrants held. These warrants have a term of 10 years and may be exercised between December 31, 1995 and July 11, 2004.

In December 1999, the Company issued approximately 288 million new shares through an equity rights offering. This offering generated net proceeds of € 219.5 million, which were used to finance part of the design and construction costs of Walt Disney Studios® Park .

MARKET CAPITALISATION

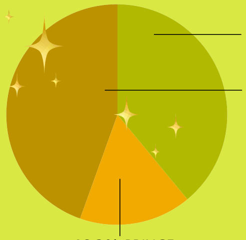
Fiscal year	2002	2001	2000
Number of shares as of September 30 (in million)	1,056	1,056	1,056
Market Capitalisation as of September 30 (€ in millions)	433	876	591
Share Price - High (in €)*	1.19	1.09	1.27
- Low (in €)*	0.41	0.54	0.56

** Share price adjusted for dilution impact of December 99 equity rights offering*

STOCK EXCHANGE ACTIVITY

	Price as of 30 September 2002	Fiscal year 2002 average daily volume
Share		
Paris	0.41€	1.383,405
London : local	0.29£	229,974
Brussels	0.42€	32,669
Warrant		
Paris	0.01€	94,408

SHAREHOLDING STRUCTURE



** via its wholly-owned subsidiary, EDL Holding company*
*** via 5-KR-135 Ltd, a company whose shares are held by trusts for the benefit of Prince Alwaleed and his family*

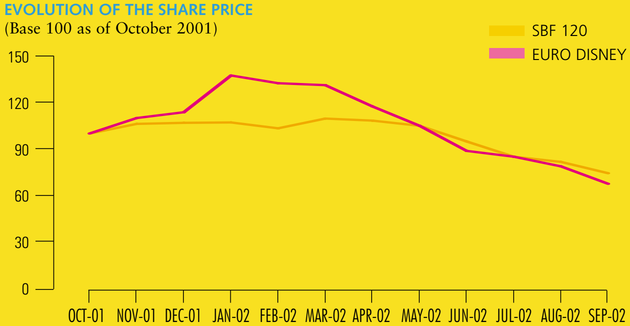
IDENTIFICATION SHEET OF EURO DISNEY S.C.A. SHARES

Nominal	0.76 euro per share	
Number of shares	1,055,937,724 as of 09/30/02	
Market places	Paris (SRD), London, Brussels	
Main Codes	Sicovam	12 587
	Reuters	EDL.PA
	Bloomberg	EDL FP
	ISIN	FR0000125874

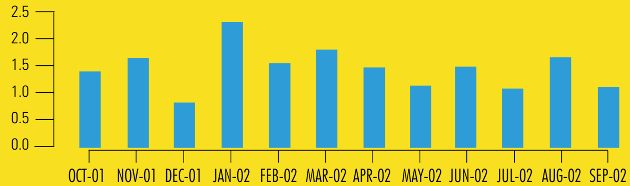
IDENTIFICATION SHEET OF EURO DISNEY WARRANTS

Number of warrants	290 million issued July 11, 1994	
Parity	3 warrants = 1.069 new shares as of 09/30/02	
Exercise period	From December 31, 1995 to July 11, 2004	
Market Place	Paris	
Main Codes	Sicovam	51 472
	Reuters	RF51472.PA
	Bloomberg	EURD 7/11/04
	ISIN	FR514721

EVOLUTION OF THE SHARE PRICE
(Base 100 as of October 2001)



AVERAGE DAILY TRADING VOLUME (in million)



Le Club Actionnaires
Shareholders' Club

Since 1995, the Euro Disney S.C.A. Shareholders' Club has offered a host of special services reserved for Members, who benefit from significant reductions on admissions and passports for Disneyland® Park and Walt Disney Studios® Park. There are also discounts at all Disney's Hotels and a priority booking service to organise their stay to Disneyland® Resort Paris (33-1 60 30 60 72). received their first Euro Disney S.C.A. Individual Shareholders' Guide that gives them information on Euro Disney S.C.A. shares and their rights.

They can also find the most recent Company news and particularly the share price evolution on the internet site www.eurodisney.com. They have access to an online boutique exclusively reserved for the Shareholders' Club Members, with a regularly

Today 4,000 Shareholders' Club Members Enjoy Privileged Services

For further information about having your Euro Disney S.C.A. stocks registered, please contact :

• FRANCE

Banque Crédit Agricole Indosuez, Crédit Agricole Investor Services Corporate Trust, Service aux Emetteurs, 75288 Paris Cedex 06, 33 (0) 1 41 89 43 24

• BELGIUM

KBC Bank,avenue du Port 2,1080 Bruxelles

• UNITED KINGDOM

Computershare Services, PO Box 82, The Pavilions, Bridgewater Road, Bristol, B S99 7NH

Since 2001, Euro Disney S.C.A. has offered additional services for Shareholders' Club Members. As VIPs, they alone are entitled to start a Theme Park visit at the Salon Mickey, where a complimentary Continental Breakfast is served in a charming Victorian setting. A Cast Member is there to welcome the Members and help them take full advantage of their stay at the Resort. Reduced rates continue at shops and table-service restaurants - many of which are now rated in the exclusive French Bottin Gourmand.

Club Members can call a dedicated telephone line (33-1 64 74 56 30) for information on all aspects of Euro Disney S.C.A. and the Shareholders' Club. A bi-annual newsletter provides more in-depth information on the Company life, as well as the latest Disneyland Resort Paris and Shareholders' Club news. In 2002, Shareholders' Club Members updated selection of Disneyland Resort Paris products, at discounted prices.

Finally, Shareholders' Club Members can participate in events especially organised for them. It includes Hortitours (horticultural tours) and Guided Tours that reveal backstage secrets of both Disneyland and Walt Disney Studios Parks.

2002 was a year rich in events for the Shareholders' Club : Members of the Club and their guests – in total more than 6,000 people - had the opportunity to participate to a sneak preview of Walt Disney Studios Park on February 23, 2002.

If you are a shareholder of the Company, come and join the 4,000 current members of the Shareholders' Club by calling 33-1 64 74 56 30 or via our website at www.eurodisney.com.

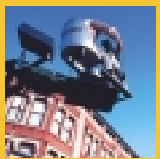
THE DOOR TO THE WALT DISNEY STUDIOS® PARK, THIS IS WHERE THE MAGIC BEGINS!

March 16, 2002, 9.00 a.m.

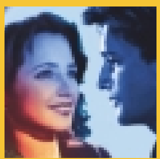
• WALT DISNEY STUDIOS® PARK OPENS TO THE PUBLIC.
In the purest of Hollywood traditions, the Walt Disney Studios® Park inauguration creates great excitement and anticipation. The stage is set for the unveiling of the Theme Park entrance and the crowd awaits with baited breath. Stars, journalists and families join us from the four corners of the globe and after inaugural speeches from Michael D. Eisner and Roy E. Disney, respectively Chairman & C.E.O. and Vice-Chairman of The Walt Disney Company, and Jay Rasulo, Chairman & C.E.O. of Euro Disney S.A., the curtain rises on the magic.

• A NEW DISNEY THEME PARK TO EXPERIENCE THE MAGIC OF CINEMA AND EXPLORE BEHIND THE SCENES.
Walt Disney Studios Park offers an additional day's worth of family entertainment. This Theme Park and production studio takes guests straight to the heart of the action, on a fantastic voyage of discovery into the magical worlds of Disney animation, cinema and television production. The Park is divided into four areas.

Walt Disney Studios® Park Made Year 2002 Unique



Backstage, technicians bring magic to life



Come face to face with movie stars

The first sound stage guests explore is Disney Studio 1, in Front Lot. Inside, "Hollywood Boulevard" opens up before guests, as they find themselves on an elaborate set surrounded by hundreds of cinema props. A world of inspiration awaits in Animation Courtyard®. Learning the secrets of Disney animation is easy in Art of Disney Animation® and guests can even put their talents to the test. The black light show, Animagique, relives key moments in Disney animated entertainment and Flying Carpets over Agrabah takes the young and the young at heart for a cartoon spin. The secrets of live action film and television production are revealed in Production Courtyard®: the home of Disney Channel France, which broadcasts from here. The history of cinematography, from its infancy over 100 years ago to the modern blockbusters, is unveiled in a unique and charming voyage of discovery, CinéMagique. Studio Tram Tour® takes guests through the perilous Catastrophe Canyon® and onto a film set, where it's "lights, camera, action" all the way. Where else would the exciting Armageddon Special Effects be at home than on Backlot, the home of our production workshops? Rock 'n' Roller Coaster starring Aerosmith offers the chance to "ride the music" in a sight and sound spectacular featuring hairpins, turns, loops and breath-taking drops. Yet more tricks of the trade await in the shape of a live show featuring explosions, cars and daredevil feats in Moteurs…Action ! Stunt Show Spectacular®.

On June 1, 2002, a new show was unveiled : the **Disney Cinema Parade**. It was designed under the supervision of Art Director Franco Dragone, who directed the world famous Cirque du Soleil™. The winning combination of the avant-garde talent of DRAGONE, Franco Dragone's company and Disney's Theme Park Entertainment heritage enable guests to enjoy a truly original and interactive parade every day of the year.

• THE OPENING OF WALT DISNEY STUDIOS PARK WAS A SUCCESS.
In the first six months more than two million guests visited Walt Disney Studios Park. In that time, Walt Disney Studios became the second most visited Theme Park in France, behind only Disneyland® Park.

DISNEYLAND® PARK

Disney magic reigns supreme, for the young and the young at heart. Spellbinding Disney storytelling abounds throughout the Park's five themed Lands, from "it's a small world" to Indiana Jones™ and the Temple of Peril: Backwards!

WALT DISNEY STUDIOS® PARK

The secrets of the silver screen are revealed in this Theme Park, which offers an additional day of Disney entertainment. Stepping into the action has never been this possible… or this much fun!

DISNEY® VILLAGE

Day and night, the party continues at Disney® Village, the place to shop, dine and have fun.

DISNEY HOTELS

Each Hotel offers its own uniquely enchanting experience, offering something adapted to every budget, from 2-to 4-star accommodation.

1. DISNEYLAND® HOTEL
2. DISNEY'S HOTEL NEW YORK®
3. DISNEY'S NEWPORT BAY CLUB®
4. DISNEY'S SEQUOIA LODGE®
5. DISNEY'S HOTEL CHEYENNE®
6. DISNEY'S HOTEL SANTA FE®
7. DISNEY'S DAVY CROCKETT RANCH®

"Our objective is to constantly build on and improve the quality of our products."

Yann Caillère
Senior Vice-President Operations

Year One of the Resort

Since its opening on April 12, 1992, Disneyland® Park welcomed more than 120 million guests. Ten years later, the opening of Walt Disney Studios® Park is another major milestone in the development of Disneyland® Resort Paris, Europe's number one tourist destination. With the addition of new hotel capacities, the attractiveness of the Resort will be reinforced, inciting new visitors to come more often and extend their length of stay.

Disneyland Resort Paris is a unique short-break destination, where families come together to share fun and excitement. It features a large range of on-site accomodations that suit all tastes and budgets.

The Resort is easily accessible, with fast and easy connections to Paris and its airports. A high speed TGV train service links us not only with the furthest corners of France, but also with our European neighbours. For example, Disneyland Resort Paris is only 3 hours from London by Eurostar, less than 90 minutes from Brussels with Thalys and 3 hours from Marseilles by TGV.

3 DAYS ARE NOT ENOUGH! : Plunge down a disused mineshaft in Big Thunder Mountain, soar above Fantasyland® in Dumbo the Flying Elephant, be catapulted into Space Mountain and see explosive action in Moteur… Action ! Stunt Show Spectacular®. Slide into the silver screen in CinéMagique and taste the delights of Disney® Village. With thousands of ways to enjoy Disneyland® Resort Paris, three days are just not enough! Here's how one family made the most of it…

DAY 1 : 9.30 a.m. **We've arrived!** Make our way straight to Disney's Newport Bay Club® and prepare for a magical visit to Disneyland® Park. 10.30 a.m. Frontierland® we collect FastPass℠ tickets for **Big Thunder Mountain** and make the most of the extra time to do some shopping. 12.30 p.m. It's lunch at **Last Chance Cafe** and then back to Big Thunder Mountain. Our afternoon port of call is Discoveryland®. At 4.00 p.m. it's time for a treat on Main Street, U.S.A.®, then back to our Hotel to relax and have dinner. 8.30 p.m. Great! Disneyland Park is still open, so we take a stroll round Fantasyland® and collect FastPass℠ tickets for Peter Pan's Flight. **Fireworks** bring our day to a close, with a bang!

DAY 2 : 8.00 a.m., up early, and **breakfast with the Disney characters** (we're getting good at organising our time!). Bursting with excitement, we head back to experience more of Disneyland® Park: Space Mountain (twice), Pinocchio's Fantastic Journey, Dumbo the Flying Elephant and Autopia. By noon, we've made our way to Walt Disney Studios® Park and are putting our talents to the test in **Art of Disney Animation®**. Learning about film making, we get a look at everything from costuming to props and sets in Studio Tram Tour featuring Catastrophe Canyon®. FastPass℠ tickets ensure a relaxing 1.00 p.m. lunch in Annette's Diner in **Disney® Village,** before our appointment with thrills in Rock 'n' Roller Coaster starring Aerosmith. By 7.00 p.m. we're back at the Hotel, taking a dip in the pool. The kids absolutely want a quick discovery of Adventureland®. Then it's dinner, action and entertainment all the way in Disney Village, with **Buffalo Bill's Wild West Show** as the highlight of the evening.

DAY 3 : 10.00 a.m. and our last day. We kick things off at the Walt Disney Studios Park® with a visit to an ill-fated space station in Armageddon Special Effects. It's great the way that kids can survive any meteor showers! You really wouldn't believe what goes into making Moteurs...Action! Stunt Show Spectacular®... it's breathtaking. FastPass℠ comes in handy again and we let the kids go on Rock'n Roller Coaster without us. 1.00 p.m. We're back in Disneyland® Park for lunch at Colonel Hathi's Pizza Outpost and almost miss our last chance to see the Parade at 3.00 p.m. (would have kicked myself!). A two-hour shopping extravaganza on Main Street, U.S.A.® closes our short break. Three days in Disneyland Resort Paris fly past, and we're already making plans for our next visit, including a stay at the Disneyland Hotel (with a Disneyland Park view, I hope).

Fantastic Festivals For Each Season of the Year

No one knows how to make magic like Disneyland® Resort Paris.
2003 growth will benefit from the solid base of our existing assets established over the last ten years. This growth will be strengthened by a substantial events calendar covering important seasonal festivities and celebrations. These seasonal events, each of them unique, will encourage guests to visit more frequently and to extend their length of stay. It will also ensure that Disneyland Resort Paris becomes known as 'the' place to spend the holidays.

• **A BIGGER-THAN-EVER HALLOWEEN FESTIVAL.** Spooky entertainment, children's activities, lots of Characters and daylong (and nightlong) fun make this justifiably popular. Disney Villains try everything possible to take over Disneyland® Park and Frontierland® is transformed into HalloweenLand. Who knows how it will end?

Fantillusion Parade, 1001 stars to dream with your eyes wide open ! Starring July 03.

• **A MAGICAL CHRISTMAS SEASON.** Glittering decorations, sparkling entertainment and fun festive spirit abound during every Resort Christmas season, and 2002 sees even more reasons to visit Disneyland® Park at this time of year. Disney's animated classic, Beauty and the Beast, has inspired a whole range of entertainment and surprises, particularly in Belle's Christmas Village, a scene from the film built in Fantasyland®. For a fairytale Christmas atmosphere, and with the help of a little pixie dust, snow will fall on Main Street, U.S.A.® several times a day.

• **MAIN STREET ELECTRICAL PARADE FAREWELL SEASON.** After thousands of presentations, creating millions of memories, the Main Street Electrical Parade will make its farewell performance in 2003. Don't miss the chance to say goodbye!

• **WALT DISNEY STUDIOS PARK® PLAYS CENTRE STAGE TO CHINESE NEW YEAR.** In 2003, for the first time ever, the Resort will celebrate the arrival of Chinese New Year during two exceptional evenings. A newly created parade, workshops, entertainment, tasty treats and a vibrant firework spectacular promise to provide a festive blaze of colour.

• **THE JUNGLE BOOK CARNIVAL.** A new event on the 2003 calendar is The Jungle Book Carnival. Heroes of Disney's new animated classic *The Jungle Book 2* will lead the celebrations taking place from 1st February to 9th March 2003.

"New business developments and a further 1,450 hotel rooms will make 2003 a key year for Val d'Europe's growth."

Dominique Cocquet
Senior Vice-President Development and External Affairs

Next Step : a Concerted Construction Programme

With the opening of Walt Disney Studios® Park and the arrival of the first residents and students in the town centre around the Place d'Ariane, the very heart of the city that was inaugurated in September 2002, Val d'Europe experiences a true change of scale.

Nearly half of the objectives agreed with the French state in the Master Agreement of 1987, have already been achieved. Of the site's 1,943 hectares, 900 have already been developed. The meeting between two worlds, an international tourist clientele and the local population, has ever been made easier with the opening in 2000 of the International Shopping Mall of Val d'Europe which, with its 100,000 m² of shops and services, has just been given a prize at the European level for its friendliness ans its innovative character, as well as its luxurious boutiques in La Vallée® Shopping Village. The fact that residents and tourists can mix so well, pays tribute to the congenial nature of Val d'Europe.

More Hotels For More Guests

Between Spring 2003 and 2004, a new hotel district, Val de France, will open : four new hotels managed by Six Continents, My Travel UK Leisure Group, Envergure and LTI International Hotels and vacation condominium and timeshare units developed by Pierre & Vacances and Marriott Vacation Club will reinforce our growth synergy. To date, agreements have been signed for the opening of approximately 1,900 additional third-party hotel rooms/vacation units over the next 18 months (1,450 of which will open before summer 2003). Hotel capacity will then increase by 35% to 7,800 rooms. Today, ten years after the launch of Disneyland® Resort Paris, Val d'Europe has fulfilled its promise of creating an exciting location in which to live and work. We accomplished this, while at the same time maintaining the status of Disneyland Resort Paris as Europe's number one holiday destination. Thanks to impressive future development plans, Val d'Europe has the highest potential of any site in the Ile-de-France region. Ultimately there will be 300,000 m² of office space in the town centre and 660,000 m² in the International Business Park developed by Arlington. The town will come alive through the residents of its 5,400 housing units, 2,400 holiday residences and 13,000 hotel rooms. Even more important is the fact that, over the next fifteen years, Val d'Europe will have generated a total of 40,000 jobs, with half of this being achieved before the end of this year. Val d'Europe has 15,000 inhabitants, triple the number in 1992, and, by 2017, the population will reach 40,000. Val d'Europe - home sweet home!

Together, We Keep Working to Meet our Stakeholders' Expectations

The Disney "Environmentality"

Since 1992 and throughout the expansion and development of Disneyland® Resort Paris, environmental protection has remained an important Company issue. Current onsite programmes deal with areas as varied as water, waste disposal and transportation.

With the opening of Walt Disney Studios® Park and thanks to the creation of an environmental management, environmental aspects were integrated within the framework of the other systems of management such as quality, hygiene and safety, with a common goal : continuous progress.

In 2002, a specific programme of energy control at Disneyland Resort Paris has enabled a significant reduction of water, electricity and natural gas consumption. In total, the savings in the energy field made since 1997 are equivalent to the annual estimated needs of Walt Disney Studios Park.

"Internal mobility is an essential part of our social policy."

Jean-Claude Olivier
Senior Vice-President Human Ressources

A transportation policy based on the use of "clean energy sources" has been implemented. The four new tramways used in the Studio Tram Tour® are powered by Compressed Natural Gas (CNG).
This choice confirms that Euro Disney S.C.A. is determined to combine comfort, safety and environment for its guests. Additionally, Euro Disney S.C.A. has developed an internal cycle track for Cast Members and reinforced its car pool programme.

New Opportunities for Cast Members in 2002

The highlight for Cast Members in 2002 was surely the opening of Walt Disney Studios Park on 16th March. Of the 1,500 Cast Members needed to staff the Theme Park, 500 transferred from within the Company, profiting from the opportunities for change and career advancement. One thousand others were recruited from throughout France and Europe. Another important action was the Company-wide Cast Member opinion poll, *Let's Talk*. The poll showed that 80% feel favourable towards their working conditions and the multicultural and international environment in which they work. With the poll's findings in mind, an action plan was activated. An internal mobility programme, the "*Internal Casting*", on which a team has been working for one year, was one of the actions. Since June 2002 Cast Members have been able to consult job offers within the Company in their internal monthly magazine, or on the Company's internal website. Over a period of a few months, internal hiring has become the principal method of recruitment and promotion for Resort Cast Members. In addition, the first Cast Members to undergo the intensive "*Hôtes d'Accueil Touristiques*" training with the Company have now received their "*Agent de Loisirs*" diploma, awarded by the Ministry of Labour. 90% of candidates were successful.

Commitment to the Development of Eastern Paris

A master plan and programme was defined in 1987 in the Master Agreement linking Euro Disney S.C.A. and its public partners. Mutual commitments consisted in the combined development of three main areas : tourism, urban and business representing Val d'Europe, the fourth sector of the new town of Marne-la-Vallée. 300,000 m^2 of offices, 660,000 m^2 of business park, developed by Arlington, 150,000 m^2 on retail including 130,000 m^2 of international shopping centre and 5,400 residential units will be developed on the site by 2017.

As a developer, Euro Disney S.C.A. is playing a key role in the development of this ambitious urban project destined to become one of the main centres of economic activity in the Ile-de-France Region (11 million residents). The aim is to strike a balance between modernity and tradition, one that will ensure a quality lifestyle for its inhabitants and the protection of the environment.
In association with dynamic local authorities, Euro Disney S.C.A. also takes an active part in developing the Ile-de-France region. As the largest employer in the area, Euro Disney S.C.A. has generated directly and indirectly more than 43,000 permanent jobs, and more than 80% of the Cast Members working on the site actually live in the area.

Euro Disney S.C.A. also strongly promotes the whole Ile-de-France as a tourism destination : with the Regional Tourism Committee of Ile-de-France, they have developed a broad range of one-day or half-day excursions in Ile de France, combined with a one-day admission to Disneyland® Park or Walt Disney Studios® Park.

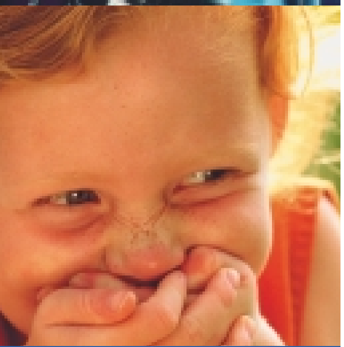
Community relations focused on Children in Need

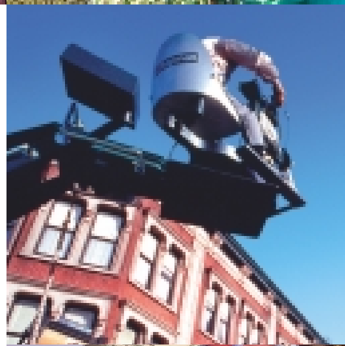
Community Relations and volunteerism have long been Euro Disney S.C.A traditions. Our Community Relations team is principally involved in three major programmes : accompanying Disney Characters on hospital visits, fulfilling the dreams of seriously ill children through the Children's Wishes programme, and the activities carried out as part of the volunteers programme. In 2002, 850 volunteer Cast Members chose to offer their time, their talents and their hearts, to assist these children in need, through activities organised by Euro Disney S.C.A. Our Characters' hospital visits have met with such success that the programme has been extended to cover regions throughout France. At the same time the Children's Wishes programme has allowed hundreds of seriously ill children to spend time at Disneyland® Resort Paris with their families this year. Underprivileged children are regularly invited to join us during special events held in the Disney Theme Parks, such as the launch of our Christmas season. In addition, Euro Disney S.C.A. supports a large number of charity associations through its collection and donation programmes.











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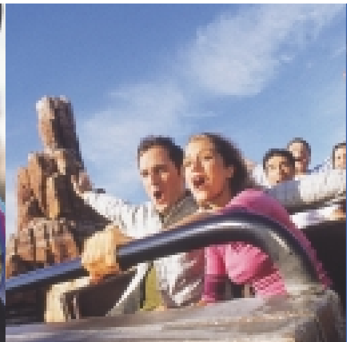


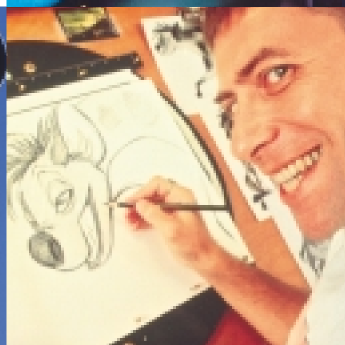

2002 is definitely Unique...

2002 is definitely Unique... 

A Key Year For a Unique Destination

Summary

Management report

INTRODUCTION

Fiscal year 2002 was highlighted by the opening of our second theme park, Walt Disney Studios. For the full fiscal year, and particularly since the opening of Walt Disney Studios Park, record attendance, occupancy and per guest spending have been achieved despite the weak tourism environment. The net results for fiscal year 2002 were impacted by the exceptional pre-opening costs linked to the new theme park.

Our net result for the fiscal year 2002 decreased significantly from that of fiscal year 2001. Fiscal year 2002 net loss was € 33.1 million compared to a net income of € 30.5 million in fiscal year 2001. This decrease was due to the fact that the operating margin declined from the prior year level, while at the same time, we incurred significant pre-opening expenses related to Walt Disney Studios Park (€ 37.2 million) and as planned, we had to face increased lease and net financial charges. The pre-opening charges related to Walt Disney Studios Park were recorded as exceptional expenses as incurred.

OPERATING STATISTICS

The following table provides information regarding the key operating indicators of the Group:

	Theme Parks(1)		Hotels	
Fiscal years	Total guests (in millions)	Spending Per guest(2)	Occupancy Rate(3)	Spending Per room(4)
2002	13.1	€ 44.4	88.2%	€ 193.3
2001	12.2	€ 43.1	86.0%	€ 186.3
2000	12.0	€ 42.2	82.9%	€ 183.0
1999	12.5	€ 40.7	82.6%	€ 177.3
1998	12.5	€ 39.3	80.9%	€ 173.8

(1) Includes Disneyland Park and, from March 16, 2002, Walt Disney Studios Park.

(2) Average daily admission price and spending for food, beverage and merchandise sold in the Theme Parks, including VAT.

(3) Average daily rooms sold as a percentage of total room inventory (total room inventory is approximately 5,800 rooms).

(4) Average daily room price and spending on food, beverage and merchandise sold in hotels, including VAT.

FISCAL YEAR 2002 FINANCIAL RESULTS

Certain reclassifications have been made to the 2001 comparative amounts in order to conform to the 2002 presentation.

Revenues

Revenues of the Group were generated from the following sources:

	Year ended September 30,		Variation	
(€ in millions)	**2002**	2001	Amount	Percent
Theme Parks	**526.0**	476.4	49.6	10.4%
Hotels and Disney Village	**411.7**	386.5	25.2	6.5%
Other	**111.0**	105.1	5.9	5.6%
Resort Segment	***1 048.7***	*968.0*	*80.7*	*8.3%*
Real Estate Development Segment	**27.3**	37.2	(9.9)	(26.6)%
Total Revenues	**1 076.0**	**1 005.2**	**70.8**	**7.0%**

• Theme park revenues increased 10.4% to € 526.0 million from € 476.4 million in the prior year as a result of increased admission revenues linked to the opening of our second theme park, Walt Disney Studios, on March 16, 2002, and higher park admission prices. Merchandise and food and beverage revenues in the Theme Parks also increased as a result of higher total theme park attendance.

• Hotel and Disney Village revenues increased 6.5% to € 411.7 million from € 386.5 million in the prior year driven by strong occupancy (especially during the third and fourth quarters) and higher guest spending per room. As planned, Disney Village revenues benefited from increased guest flow to the restaurants as a result of the opening of Walt Disney Studios Park.

• Other Revenues (which primarily includes participant sponsorships, transportation and other travel services sold to guests) increased € 5.9 million to reach € 111.0 million.

Walt Disney Studios Park did not begin to impact operating revenues until the second half of our fiscal year. During the second half of our fiscal year, revenue growth at our Theme Parks was 13.1%, a substantial improvement which, however, did not meet our expectations. Revenue growth at our Hotels and Disney Village was 9.9%, which modestly exceeded our expectations.

• Real Estate Development revenues decreased from € 37.2 million in the prior year to € 27.3 million in fiscal year 2002, as planned. Real Estate Development revenues in fiscal year 2002 included primarily commercial and residential land sale transactions at our Val d'Europe town centre project. In addition, revenues included fees earned related to conceptualisation and development assistance services provided to third-party developers that have signed contracts to either purchase or lease land on Disneyland Resort Paris site for development.

Costs and expenses

Costs and expenses of the Group were composed of:

(€ in millions)	Year ended September 30, 2002	2001	Variation Amount	Percent
Direct operating costs*	617.2	551.3	65.9	12.0%
Marketing, general and administrative expenses	183.5	183.0	0.5	0.3%
Depreciation and amortisation	64.1	54.0	10.1	18.7%
Royalties and management fees	35.5	31.7	3.8	12.0%
Total Costs and Expenses	**900.3**	**820.0**	**80.3**	**9.8%**

**Includes operating wages and employee benefits, cost of sales for merchandise and food and beverage, transportation services and real estate land sales and other costs such as utilities, maintenance, insurance and operating taxes.*

Operating margin for fiscal year 2002 decreased € 9.5 million, resulting from increased Resort Segment margin of € 2.2 million, offset by an anticipated decrease of € 11.7 million in the Real Estate Development Segment margin.

Total costs and expenses were € 900.3 million in fiscal year 2002 compared to € 820.0 million in the prior year, an increase of € 80.3 million. This increase in costs and expenses related primarily to increased direct operating costs (+ € 65.9 million) and increased depreciation and amortisation charges (+ € 10.1 million). These cost increases relate primarily to the operations of Walt Disney Studios Park. Direct operating costs were also impacted by increases in safety, security and insurance costs totalling approximately € 6.8 million following the events of September 11, 2001.

Additionally, as of October 1, 2001, the Group revised the estimated useful lives of certain long-lived assets in order to more appropriately reflect their intended use, which had the impact of decreasing fiscal year 2002 depreciation expense on these assets by € 5.7 million.

Lease rental expense and net financial charges

Lease rental expense and net financial charges were composed of:

(€ in millions)	Year ended September 30, **2002**	2001	Variation Amount	Percent
Lease rental expense	**188.8**	185.8	3.0	1.6%
Financial income	**(59.1)**	(89.8)	30.7	(34.2)%
Financial expense	**41.1**	51.5	(10.4)	(20.2)%
Total	**170.8**	**147.5**	**23.3**	**15.8%**

Lease rental expense represents payments under financial lease arrangements with the unconsolidated financing companies and approximates the related debt service payments of such financing companies. Financial income is principally composed of the interest income earned on long-term loans provided to the financing companies and interest income on cash and short-term investments, as well as net gains arising from foreign currency transactions. Financial expense is principally composed of interest charges on long-term borrowings and the net impact of interest rate hedging transactions.

The rate of interest forgiveness resulting from the 1994 Financial Restructuring was at its peak during the second half of fiscal year 1994 and has progressively decreased since that time. In fiscal year 1998, substantially all interest charges were reinstated to normal levels; however, approximately € 6.1 million of interest forgiveness per year will continue in effect and favourably impact lease rental expense through the end of fiscal year 2003.

Lease rental expense and net financial charges analysed by nature of expense was composed of:

	Year ended September 30,		Variation	
(€ in millions)	2002	2001	Amount	Percent
Interest based expenses, debt and lease related (1)	87.0	106.8	(19.8)	(18.5)%
Interest income on cash and deposit balances	(2.7)	(18.9)	16.2	(85.7)%
Loan repayments included in lease expenses:				
- Due to external third parties	30.3	13.1	17.2	131.3%
- Due to Euro Disney Group	41.1	34.3	6.8	19.8%
	71.4	*47.4*	*24.0*	*50.6%*
Other	15.1	12.2	2.9	23.8%
Total Lease and Net Financial Charges	**170.8**	**147.5**	**23.3**	**15.8%**

(1) Net of capitalised interest charges of € 9.2 million and € 15.2 million in fiscal years 2002 and 2001, respectively.

Lease and net financial charges increased to € 170.8 million from € 147.5 million. This increase was primarily attributable to:

• Planned increases in lease rental expense related to principal repayments on the debt of the financing companies from which the Group leases a significant portion of its operating assets (€ 24.0 million),

• Decreased interest income on cash, short-term investments and deposits (€ 16.2 million) resulting primarily from lower average cash balances during the year linked to large debt reimbursements and cash outflows associated with the construction and opening of Walt Disney Studios Park.

These negative factors were partially offset by:

- Decreased interest based expenses of € 19.8 million, primarily resulting from the reimbursement of € 373.7 million of Convertible Bonds on October 1, 2001 and lower variable interest rates, partially offset by the additional interest charges associated with the new CDC loans for the construction of Walt Disney Studios Park.

During fiscal year 2002, the component of lease rental expense related to the financing companies loan repayments was € 71.4 million. For fiscal years 2003 and 2004, the equivalent amounts are scheduled to increase to € 89.7 million and € 108.1 million, respectively. Of these amounts, third-party loan principal repayments (requiring a net cash outflow from the Group) were € 30.3 million in fiscal year 2002, and will be approximately € 37.5 million and € 40.9 million in fiscal years 2003 and 2004, respectively.

Exceptional loss, net

For fiscal year 2002, exceptional loss, net totalled € 38.0 million, primarily reflecting € 37.2 million of Walt Disney Studios Park pre-opening costs, € 1.0 million of euro implementation costs and € 1.0 million of reorganisation charges. These exceptional charges were partially offset by € 0.7 million of net adjustments to provisions for risks and charges. The exceptional pre-opening costs incurred during the year included the costs of hiring and training of Walt Disney Studios Park employees during the pre-opening period as well as the costs of the pre-opening advertising campaigns and the media events that took place throughout February and March 2002.

For fiscal year 2001, exceptional losses, net totalled € 7.2 million, primarily reflecting € 5.3 million of Walt Disney Studios Park pre-opening costs, € 2.3 million of losses on the early repurchase of a portion of the Company's 6.75% Convertible Bonds, € 1.5 million of euro implementation costs, € 1.4 million of fixed asset write-offs and € 0.8 million of net adjustments to provisions for risks and charges. These exceptional charges were partially offset by an adjustment to the provision for storm repairs resulting in a net exceptional income of € 2.3 million.

Net loss

Net loss for fiscal year 2002 was € 33.1 million, reflecting exceptional charges related to the pre-opening costs of Walt Disney Studios Park and lower income before exceptional items.

CAPITAL INVESTMENT, LIQUIDITY AND FINANCING

Capital Investment

(€ in millions)	Year ended September 30, 2002	2001	2000
Resort Segment	270.4	239.5	205.9
Real Estate Development Segment	7.1	4.4	0.6
Total	**277.5**	**243.9**	**206.5**

Fiscal year 2002 capital expenditures for the Resort Segment primarily relate to the construction of Walt Disney Studios Park (€ 228.6 million) and to investments related to the renovation and improvement of our existing resort assets. Investments in our Real Estate Development Segment represent the purchase of land that the Group has leased to third-parties under long-term ground leases.

Debt

Our principal indebtedness (excluding accrued interest) decreased to € 781.4 million as of September 30, 2002 compared to € 1,099.9 million as of September 30, 2001 primarily as a result of the reimbursement of € 373.7 million of the Company's 6.75% Convertible Bonds upon their maturity and € 8.1 million of scheduled principal repayments, offset by € 62.5 million of new drawings on the TWDC credit facility. Including the unconsolidated financing companies, our principal indebtedness was € 2,219.8 million as of September 30, 2002 compared to € 2,569.1 million as of September 30, 2001.

Our principal payment obligations, and the principal portion of our lease payments to the unconsolidated financing companies, recommenced in fiscal year 1998 pursuant to the terms of the 1994 Financial Restructuring. We paid € 172.0 million and € 412.1 million (including the Convertible Bond repurchases and maturities) of principal in fiscal years 2001 and 2002, respectively (net of principal payments we receive from the subordinated loans we made to the financing companies). On the same basis, we will be required to pay € 47.6 million and € 66.9 million (excluding the TWDC credit facility) of net principal in fiscal years 2003 and 2004, respectively.

Additionally, the Financial Restructuring agreements include covenants with respect to our financing arrangements. These covenants include restrictions on additional indebtedness and capital expenditures, the provision of certain financial information and compliance with certain financial thresholds. In October 2002, our lenders agreed to lower the required threshold for the gross operating income financial covenant for fiscal year 2002. As part of this modification, we will submit to a new gross operating income covenant for fiscal years 2003 and 2004, the level of which is based upon our annual operating plans. In addition, we will increase (up to double) our quarterly debt security deposits, unless certain targeted levels of operating income are achieved. Our forecasts indicate that we will be able to meet the new financial covenant and debt security deposit requirements.

Liquidity

As of September 30, 2002, cash and short-term investments totalled € 22.4 million, a decrease of € 530.4 million from the prior year end balance. The decreased cash balance reflects the impact of the construction and pre-opening costs for Walt Disney Studios Park, as well as a significant debt reimbursement during the fiscal year. Specifically, the decrease in cash resulted from:

• Cash Flows from Operating Activities	€ 48.7	million
• Cash Flows used in Investing Activities	€ (269.7)	million
• Cash Flows used in Financing Activities	€ (306.1)	million

Cash flows from operating activities decreased to € 48.7 million from € 143.6 million in the prior year primarily as a result of lower net earnings and changes in working capital. The lower net earnings for the year reflected exceptional pre-opening costs of € 37.2 million, which will not recur in the coming years. In addition, real estate development activities generated approximately € 24 million less in cash flows in fiscal year 2002 than in 2001.

Cash flows used in investing activities totalled € 269.7 million and related primarily to construction costs of Walt Disney Studios Park and investments related to renovations and improvements to the existing asset base.

Cash flows used in financing activities included the repayment of our 6.75% Convertible Bond issue upon maturity on October 1, 2001 in the amount of € 373.7 million and other scheduled debt repayments in the amount of € 8.1 million, offset by € 62.5 million of drawings under our € 167.7 million standby revolving credit facility with The Walt Disney Company and a € 12.4 million decrease in debt and other security deposits.

Based upon available cash and short-term investments, the remaining availability on our € 167.7 million revolving credit facility and current forecasts of operating performance, we believe that the Group will have the resources necessary to meet funding requirements arising in the foreseeable future. Due to repayment of our Convertible Bond issue and our substantial investment in Walt Disney Studios Park, we depend on continued growth in the Resort Segment operating margin to provide for our cash needs.

Equity

Shareholders' equity decreased to € 1,244.8 million at September 30, 2002 from € 1,277.9 million at September 30, 2001, as a result of the net loss for fiscal year 2002.

As of September 30, 2002, TWDC, through indirect wholly-owned subsidiaries, held 39.1% of the Company's shares and approximately 16.3% of the Company's shares were owned by trusts for the benefit of Prince Alwaleed Bin Talal Bin Abdulaziz Al Saud and his family. No other shareholder has indicated to the Company that it holds more than 5% of the share capital of the Company. No dividend allocation is proposed with respect to fiscal year 2002, and no dividends were paid with respect to fiscal years 2001, 2000 and 1999.

Market risk and financial instruments

We are exposed to the impact of interest and foreign currency exchange rate changes. In the normal course of business, we employ established policies and procedures to manage our exposure to changes in interest and foreign currency exchange rates using primarily swaps and forward rate agreements. It is our policy to enter into interest and foreign currency rate transactions only to the extent considered necessary to meet our objectives. We do not enter into interest and foreign currency rate transactions for speculative purposes.

The Group has significant variable rate short-term investments, long-term receivables and debt. We also have interest rate risk associated with lease obligations, as amounts due under these contracts are tied to variable interest rates. With respect to these interest rate sensitive instruments and obligations, a hypothetical 10% increase in interest rates, as of September 30, 2002 and 2001, would have a € 0.6 million unfavourable impact on our near-term annual cash flows. This amount excludes the positive cash flow impact such a change in interest rates would have on short-term investment income.

The Group's exposure to foreign currency risk relates primarily from British pound denominated sales and U.S. dollar denominated exposures. The Group primarily utilises foreign exchange forward contracts to hedge these expenditures. With respect to these foreign exchange rate sensitive instruments, a hypothetical 10% adverse change in the U.S. dollar and British pound exchange rates (correlation between currencies is not taken into account) as of September 30, 2002 and 2001 would result in a € 5.2 million and € 11.6 million decrease in their market value, respectively. No amount of this decrease would impact earnings since the loss on these instruments would be offset by an equal gain on the underlying exposure being hedged.

Management Compensation and Corporate Positions and Directorships Held

The statutory management of the Group is the Euro Disney S.A., a French corporation, and the members of the Supervisory Board.

Compensation of the Statutory Management (Gérant), Euro Disney S.A.:

Euro Disney S.A. is responsible for the management of four companies within the Group: Euro Disney S.C.A., EDL Hôtels S.C.A., ED Resort S.C.A. and ED Resort Services S.C.A. Management fees due to Euro Disney S.A. by the Group were € 11.5 million for fiscal year 2002.

Compensation of the Supervisory Board and Corporate Positions and Directorship Held:

The aggregate compensation of the Supervisory Board during fiscal year 2002 was € 133,393. For disclosure of the compensation paid to each member of the Supervisory Board individually as well as a complete list of the other corporate positions and directorships that each holds, see Exhibit 1.

Compensation of the members of the Executive Committee of the Euro Disney Group:

The aggregate compensation paid to the members of the Executive Committee of the Euro Disney Group during fiscal year 2002 was € 2.8 million. As of September 30, 2002, these same officers held together a total of 3.7 million Euro Disney S.C.A. stock options. The Group bears the cost of all compensation paid to the executive officers.

OUTLOOK

Outlook - Fiscal Year 2003

For the Theme Parks, Hotels and Disney Village:

• An important investment cycle nearly complete.

On March 16, 2002 a significant step in the development of Disneyland Resort Paris was accomplished with the opening of our second theme park, Walt Disney Studios. Our new park opened on-time and on-budget and with high attraction operational reliability from the start. Guest satisfaction levels are high and currently exceed our expectations. Over the next 18 months, we will see the lodging capacity of our site expand by an additional 1,900 rooms. This expansion of capacity was always and continues to be an important part of our strategy for increasing theme park attendance over the coming years.

Including the developments currently in process, the total third-party and governmental investment in our resort site will total € 1.7 billion. We believe that our recent investments as well as those of our development partners are well positioned to take advantage of the trends we see in the tourism and leisure industries in Europe.

Since opening, Disneyland Resort Paris has become the most popular and most visited family tourist destination in Europe. The uniqueness of the Disney franchise and our product offer, the exceptional transportation networks available to guests visiting our resort, and the high quality partners investing in our development add to our unmatched competitive advantage. Our business model is one of long-term revenue growth through the leveraging of these advantages.

During fiscal year 2003, we will continue to focus on fundamentals, namely the quality of our product and higher theme park attendance. We believe the opening of the 1,450 additional third-party hotel rooms before our peak summer season and the extension of the average guest length of stay at the Resort are critical to our plan to increase theme park attendance in fiscal year 2003. Success on these fundamentals coupled with carefully managed costs control should lead to improvements in our operating margin in the Resort Segment.

• A focus on the heart of our product offer – Quality Family Entertainment

Our entertainment offer in fiscal year 2003 is filled with new and exciting elements as well as our tried and true Disney classics. The year will again include *The Wonderful World of Disney Parade*, the *Main Street Electrical Parade*, *the Disney Cinema Parade*, *The Tarzan™ Encounter* and *Winnie the Pooh and Friends, Too!* stage shows. Seasonal events such as *Halloween Festival*, *Christmas Season* and, new this year, *the Jungle Book Carnival* will continue to reinforce our product offer during the fall and winter seasons. For summer 2003, *Disney's Fantillusion Parade* will make its debut in Disneyland Park. This night-time spectacular will allow our guests to discover their favourite Disney characters in a fantasy setting and sparkling showers of light.

In the Real Estate Development segment.

We are on track with our strategy to leverage the investments of third parties in the development of our resort. During fiscal year 2002, we finalised a fourth hotel agreement for 400 additional rooms to be constructed on our site and saw the opening of a 150 room third-party hotel in Val d'Europe (a new city on our development site). We currently have signed agreements for the opening of approximately 1,900 additional third-party hotel rooms/vacation units over the next 18 months (1,450 of which will open before summer 2003), after which the on-site hotel room/vacation unit capacity will total 7,800.

Fiscal year 2002 financial results for our Real Estate Development Segment were in line with our expectations. The segment generated € 27.3 million of revenues, which contributed € 12.1 million to our operating margin. In fiscal year 2003, we anticipate a significantly lower level of contribution from this segment than in fiscal year 2002.

Conclusion

Despite the difficult tourism environment that followed the tragic events of September 11, 2001, our new theme park, Walt Disney Studios, attracted more than 2 million guests during its first six months of operations and our hotels again reported record occupancy levels of 88.2% for the fiscal year. We believe that these statistics indicate that the multiple gate theme park resort model can be a success in Europe.

Chessy, November 18, 2002

The Management (Gérant), Euro Disney S.A.
Jay Rasulo, Chairman and Chief Executive Officer

Jay Rasulo

Management report - Exhibit 1

The members of the Supervisory Board are:

Members of the Supervisory Board	Other positions and directorships held in French and Foreign Companies	
Antoine Jeancourt-Galignani, *President*	Gecina	President of the Board of Directors
Compensation *: € 53,357	SNA Holding (Bermuda) Ltd	
	AGF	Member of the Board of Directors
	Kaufman & Broad	
	Société Générale	
	SNA SAL, Liban	
	SNA-Re (Bermuda) Ltd	
	Total Fina Elf	
	Fox Kids Europe NV, Pays-Bas	Member of the Supervisory Board
Sir David Paradine Frost	David Frost Enterprises Ltd	President/Member of the board of Directors
Compensation*: € 19,056	David Paradine Films Ltd	
	David Paradine Ltd	
	David Paradine Plays Ltd	
	David Paradine Productions Ltd	
	Discovery Productions Ltd	
	Glebe Music Company Ltd	
	Hotcourses Ltd	
	Paradine Co-Productions Ltd	
	Paradine Documentaries Ltd	
	Paradine Castle Communications Ltd	
	Rogue Trader Production Ltd	
	Newsplayer Group Plc	
	Tele-circuit Ltd	
	Wellbeing	
	West 175 Media Group	
Philippe Labro Compensation*: € 26,679	PhLCommunication S.A.R.L.**	Project Director, Design and Operations
Sanford M. Litvack	Antigenics	Member of the Board of Directors
Compensation*: None	Amateur Athletic Foundation	
	Hewlett-Packard Company	
	PacifiCare Health Systems, Inc.	
	UCLA Medical Center	
	California Institute of the Arts	Member of the Board of Trustees
	The Walt Disney Company	Consultant
Dr Jens Odewald	Eurobike AG, Düsseldorf	President of the Supervisory Board
Compensation*: € 11,434	Systematics AG, Hamburg	
	Tchibo Holding AG, Hamburg	
	Odewald & Companies GmbH, Berlin	Chairman of the Administrative Board and Managing Director

Laurence Parisot Compensation*: € 19,056	Ifop-Asecom Latin America (Argentine) Ifop International SA Ifop Participations SA Ifop SA Ifop Westwego (Canada) Optimum SA	President
	Ubi France	Member of the Board of Directors
	Gradiva SARL MP3	Gérant
Thomas O. Staggs Compensation*: None	Disney Enterprises, Inc.	Senior Executive Vice-President and Chief Financial Officer
	The Walt Disney Company	Senior Executive Vice-President and Chief Financial Officer; Chairman, Investment and Administrative Committee
	Disney Worldwide Services, Inc.	Executive Vice-President
	ABC News Online Investments, Inc. ABC, Inc. Anaheim Angels Baseball Club, Inc. Disney Media Ventures, Inc. Disney TeleVentures, Inc.	Vice-President
	Allemand Subsidiary, Inc. B.V. Film Finance Co. II Steamboat Ventures, LLC	Director
	EDL Holding Company	Chairman and President, Director
	EDL S.N.C. Corporation Euro Disney Investments, Inc. WDW Services II, Inc.	President / Director
	Larkspur International Sales, Inc. WDT Services, Inc. WDWH&R Services, Inc.	President
	ABC Family Worldwide, Inc.	Chief Financial Officer
	Fox Kids Europe N.V.	Chairman

**Compensation paid by the Group in connection with fiscal year 2002. The aggregate compensation of Supervisory Board during fiscal year 2002 also includes € 3,811 paid to Francis Veber, member of the Supervisory Board until March 26, 2002.*

***In fiscal year 2001, the Group granted a one-year consulting contract to PhLCommunications S.A.R.L. Amounts due to PhL Communications S.A.R.L. under this contract in fiscal year 2002 were € 90,000.*

At its meeting of March 26, 2002, the Supervisory Board decided that the portion of future compensation allocated to each member of the Supervisory Board would be proportional to their attendance at the Board meetings.

Consolidated financial statements

Consolidated balance sheets

(€ in millions)	Notes*	September 30, 2002	2001	2000
Fixed Assets				
Intangible assets		**61.7**	14.9	11.4
Tangible assets	3	**1 004.3**	839.7	658.3
Financial assets	4	**1 323.5**	1 378.9	1 414.9
		2 389.5	*2 233.5*	*2 084.6*
Current Assets				
Inventories	5	**38.7**	37.0	36.1
Accounts receivable:				
• Trade	6	**91.7**	73.5	81.1
• Others	7	**67.7**	121.2	120.6
Short-term investments	8	**14.2**	422.9	387.7
Cash		**8.2**	129.9	20.4
		220.5	*784.5*	*645.9*
Deferred Charges	9	**86.7**	88.1	63.3
Total Assets		2 696.7	3 106.1	2 793.8
Shareholder's Equity				
Share capital	10	**804.9**	804.8	804.8
Share premium	10	**289.0**	288.9	288.9
Retained earnings	10	**150.9**	184.2	153.8
		1 244.8	*1 277.9*	*1 247.5*
Quasi-Equity	11	**152.8**	152.8	152.8
Provisions for Risks and Charges	12	**35.5**	35.8	26.5
Borrowings	13	**821.3**	1 141.2	916.8
Current liabilities				
Payable to related companies	14	**80.6**	90.9	77.0
Accounts payable and accrued liabilities	15	**291.8**	330.2	297.9
		372.4	*421.1*	*374.9*
Deferred revenues	16	**69.9**	77.3	75.3
Total Shareholders'Equity and Liabilities		2 696.7	3 106.1	2 793.8

** See Notes to Consolidated Financial Statements*

Consolidated statements of income

(€ in millions)	Notes*	Year ended September 30, 2002	2001	2000
Revenues	17	**1 076.0**	1 005.2	959.2
Costs and Expenses	18	**(900.3)**	(820.0)	(783.4)
Income before Lease and Financial Charges		***175.7***	*185.2*	*175.8*
Lease rental expense	24	**(188.8)**	(185.8)	(151.1)
Financial income		**59.1**	89.8	74.8
Financial expense		**(41.1)**	(51.5)	(62.0)
		(170.8)	(147.5)	(138.3)
Income before exceptional Items		***4.9***	*37.7*	*37.5*
Exceptional income / (loss), net	19	**(38.0)**	(7.2)	1.2
Net Income (Loss)		**(33.1)**	30.5	38.7
Average number of common shares outstanding (in millions)	10	**1 056.0**	1 056.0	992.0
Earnings per Share and Diluted per Share (in €)	**2**	**(0.03)**	0.03	0.04

** See Notes to Consolidated Financial Statements*

Consolidated statements of cash flows

(€ in millions)	Notes*	Year ended September 30, 2002	2001	2000
NET INCOME (LOSS)		**(33.1)**	30.5	38.7
OPERATING ITEMS NOT REQUIRING CASH OUTLAYS:				
Depreciation and amortisation	18	**64.0**	54.0	49.8
Other		**42.0**	41.7	20.0
CHANGES IN:				
Receivables		**35.3**	7.0	(20.1)
Inventories		**(1.7)**	(0.9)	(2.3)
Payables and other accrued liabilities		**(57.8)**	11.3	82.8
Cash Flows from Operating Activities		**48.7**	143.6	168.9
Proceeds from the sale of fixed assets		**1.4**	-	0.8
Capital expenditures for tangible and intangible assets	3	**(262.5)**	(205.4)	(197.2)
Increase in deferred charges		**(10.5)**	(12.0)	(9.3)
Other		**1.9**	-	0.5
Cash Flows used in Investing Activities		**(269.7)**	(217.4)	(205.2)
Proceeds from new borrowings	13	**63.3**	381.1	-
Repayments and repurchases of borrowings	13	**(381.8)**	(164.1)	(75.8)
Net proceeds from equity offering		-	-	219.5
(Increase) / Decrease in debt security deposit		12.4	1.5	(2.1)
Other		-	-	(4.1)
Cash Flows from / (used in) Financing Activities		**(306.1)**	218.5	137.5
Change in cash and cash equivalents		(527.1)	144.7	101.2
Cash and cash equivalents, beginning of period		548.4	403.7	302.5
Cash and cash Equivalents, end of period		**21.3**	548.4	403.7
SUPPLEMENTAL CASH FLOW INFORMATION:				
Interest paid		**42.7**	59.3	50.6
Lease rental expense paid		**92.9**	85.4	65.6

	September 30, 2002	2001	2000
RECONCILIATION TO BALANCE SHEET:			
Cash	**8.2**	129.9	20.4
Short-term investments	**14.2**	422.9	387.7
Bank overdrafts (recorded in accounts payable and accruals)	**(1.1)**	(4.4)	(4.4)
Cash and cash Equivalents, end of period	**21.3**	548.4	403.7

** See Notes to Consolidated Financial Statements*

Notes To Consolidated Financial Statements

1 DESCRIPTION OF THE BUSINESS AND THE FINANCIAL RESTRUCTURING

1-1 Description of the Business

Euro Disney S.C.A. (the "Company") and its wholly-owned subsidiaries (collectively, the "Group") commenced operations with the official opening of the Disneyland Resort Paris on April 12, 1992 ("Opening Day"). The Group operates the Disneyland Resort Paris, which includes two theme parks (collectively, the "Theme Parks"), Disneyland Park and Walt Disney Studios Park, which opened to the public on March 16, 2002, seven themed hotels, two convention centres, the Disney Village entertainment centre and a golf course in Marne-la-Vallée, France. In addition, the Group manages the real estate development and expansion of the related infrastructure of the property.

The Company, a publicly held French company, is owned 39% by indirect, wholly-owned subsidiaries of The Walt Disney Company ("TWDC") and managed by Euro Disney S.A. (the Company's Gérant), an indirect, 99%-owned subsidiary of TWDC. The General Partner is EDL Participations S.A., also an indirect, wholly-owned subsidiary of TWDC. Entities included in the fiscal year 2002 consolidated financial statements and their primary operating activities are as follows:

Company	% of Control and Ownership	Primary Operating Activity
Euro Disney S.C.A.		Operator of the Theme Parks, Disneyland Hotel, Davy Crockett Ranch and golf course, and manager of real estate development
EDL Hôtels S.C.A.	99.9	Operator of 5 of our 7 themed hotels plus the Disney Village, collectively, the Phase IB Facilities (see terms defined below).
EDL Services S.A.	99.8	Management company of the Phase IB Financing Companies (see terms defined below)
EDL Hôtels Participations S.A.	99.9	General Partner of EDL Hôtels S.C.A., ED Resort S.C.A. and ED Resort Services S.C.A.
Euro Disney Vacances S.A.	99.9	Tour operator selling Disneyland Resort Paris holiday packages, principally to guests from Germany, Benelux, the United Kingdom and Italy.
Euro Disney Vacaciones S.A.	99.9	Spanish subsidiary of Euro Disney Vacances S.A. (company currently inactive)
Val d'Europe Promotion S.A.	99.8	Real estate developer
S.E.T.E.M.O. Imagineering S.A.R.L.	100.0	Provides studies and supervision of construction for theme parks attractions
ED Spectacles S.A.R.L.	100.0	Operator of Buffalo Bill's Wild West Show
Débit de Tabac S.N.C.	100.0	Tobacco retailer at Disney Village
ED Resort S.C.A.	99.9	Company currently inactive
ED Resort Services S.C.A.	99.9	Company currently inactive
ED Finances 1 S.N.C.	100.0	Company currently inactive
ED Finances 2 S.N.C.	100.0	Company currently inactive
ED Finances 3 S.N.C.	100.0	Company currently inactive
ED Finances 4 S.N.C.	100.0	Company currently inactive

During fiscal year 2002, six 100%-owned subsidiaries of EDL Hotels S.C.A., that had been created in connection with the original leasing and financing structure of the Phase IB Facilities, were merged into EDL Hotels S.C.A. The merger became effective on July 31, 2002, and was retroactively implemented from October 1, 2001.

1-2 Disneyland Resort Paris Financing

The Group owns Walt Disney Studios Park, the Disneyland Hotel, the Davy Crockett Ranch, the golf course, the underlying land thereof and the land on which the five other hotels and the Disney Village entertainment centre are located and leases substantially all the remaining operating assets as follows:

Phase IA

In 1989, various agreements were signed between the Company and Euro Disneyland S.N.C. (the “Phase IA Financing Company”) for the development and financing of Disneyland Park. Pursuant to the original sale/lease-back agreement, all of the assets of Disneyland Park and the underlying land, as of Opening Day, were sold by the Company to the Phase IA Financing Company and simultaneously leased back to the Company. In 1994, the Company cancelled its original agreement with the Phase IA Financing Company and established certain new agreements. Under this new lease structure, the Phase IA Financing Company is leasing substantially all of Disneyland Park assets to Euro Disney Associés S.N.C. (“EDA SNC”), an indirect, wholly-owned affiliate of TWDC, which is in turn subleasing those assets to the Company. The Group has no ownership interest in the Phase IA Financing Company or EDA SNC.

Phase IB

In 1991, various agreements were signed for the development and financing of five hotels: Hotel New York, Newport Bay Club, Sequoia Lodge, Hotel Cheyenne and Hotel Santa Fe, and the Disney Village entertainment centre (collectively, the “Phase IB Facilities”). Pursuant to sale/leaseback agreements, the Phase IB Facilities were sold by the Company to six special purpose companies that were established for the financing of Phase IB (the “Phase IB Financing Companies”) and are being leased back to the operator, EDL Hôtels S.C.A. The Group has no ownership interest in the Phase IB Financing Companies.

Hereafter, reference to the “Phase I SNCs" includes the Phase IA Financing Company and the Phase IB Financing Companies.

Additional Capacity Disneyland Park Assets

In 1994, the Company entered into a sale/leaseback agreement with EDA SNC for certain Disneyland Park assets which were constructed subsequent to Opening Day. Pursuant to this agreement, these assets were sold by the Company and the Phase IA Financing Company to EDA SNC and are being leased back to the Company.

Newport Bay Club Convention Centre

In 1996, various agreements were signed with Centre de Congrès Newport S.A.S., an indirect, wholly-owned affiliate of TWDC for the development and financing of a second convention centre located adjacent to the Newport Bay Club hotel. Pursuant to sale/leaseback agreements, the assets of the Newport Bay Club Convention Centre were sold as they were constructed by EDL Hôtels S.C.A. to Centre de Congrès Newport S.A.S. and are leased back to the operator, EDL Hôtels S.C.A.

Hereafter, reference to the "Financing Companies" includes the Phase IA Financing Company, the Phase IB Financing Companies, EDA SNC and Centre de Congrès Newport S.A.S.

1-3 Financial Restructuring

In 1994, the Company, TWDC, the Phase I SNCs and certain of the financial institutions and companies that are creditors of the Group and the Phase I SNCs (the "Lenders") executed agreements related to a financial restructuring (the "Financial Restructuring"). The Financial Restructuring was essentially comprised of concessions and contributions made by the Lenders and TWDC and the prepayment of certain outstanding loan indebtedness of the Group and the Phase I SNCs with the € 880.5 million net proceeds of a rights offering. The Financial Restructuring continues to have a significant positive impact on the Group's net income mainly due to the partial waiver of royalties and management fees by TWDC and remaining interest forgiveness.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation and Use of Estimates

The Group's consolidated financial statements are prepared in conformity with accounting principles generally accepted in France. The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts presented in the financial statements and footnotes thereto. Actual results could differ from those estimates. Certain reclassifications to the 2001 and 2000 comparative amounts have been made to conform to the 2002 presentation.

Principles of Consolidation

The Group's consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Leased Assets

The Group leases a significant portion of its operating assets. Pursuant to options available under French accounting principles, the Group accounts for these transactions as operating leases.

Fixed Assets

Intangible assets consist of software costs, licensee rights and theme park attraction film production costs and are carried at cost. Amortisation is computed on the straight-line method over two to twenty years. Tangible assets are carried at cost. Depreciation is computed on the straight-line method based upon estimated useful lives, as follows:

	Estimated useful lives
Secondary infrastructure	10 to 40 years
Buildings	20 to 40 years
Leasehold improvements, furniture, fixtures and equipment	2 to 25 years

Interest costs incurred for the construction of fixed assets and the acquisition and development of land are capitalised using the weighted average interest rate incurred on the Company's borrowings. Projects under development are capitalised at the point technical and economic feasibility has been established.

Effective October 1, 2001, the Group revised the estimated useful lives of certain long-lived assets in the secondary infrastructure and buildings categories. This revision was based upon a full review of the existing asset base in light of the operating experience to date of the Group and the intended use of the asset. Management believes the new estimated useful lives will more appropriately reflect its financial results by allocating the costs of these assets over a useful life that more closely conforms to their intended use and with practices prevalent in the industry. As required, these changes will impact depreciation expense prospectively and had the impact of decreasing fiscal year 2002 depreciation expense by € 5.7 million.

Inventories

Inventories are stated at the lower of cost or market value, on a weighted-average cost basis.

Income Taxes

The Group files a consolidated tax return. The Group provides for deferred income taxes on temporary differences between financial and tax reporting. The Group uses the liability method under which deferred taxes are calculated applying currently enacted tax rates expected to be in effect when the temporary differences will reverse.

Debt Issue Costs

Direct costs of the issuance of debt are capitalised and amortised on a straight-line basis over the life of the related debt. Upon repurchase and/or retirement of debt, a prorata amount of the unamortised issue costs is expensed and included as part of the gain or loss resulting from the transaction.

Pension and Retirement Benefits

Contributions to state funded retirement plans and the Group's supplemental defined contribution pension plan are expensed as incurred and no future commitments exist with respect to these plans. Retirement indemnities paid under the Group's collective bargaining agreement are expensed as paid. The future commitment with respect to these indemnities is disclosed (see Note 25).

Risk Management Contracts

In the normal course of business, the Group employs a variety of off-balance-sheet financial instruments to manage its exposure to fluctuations in interest and foreign currency exchange rates, including interest rate and cross-currency swap agreements, forward, and option contracts. The Group designates and assigns the financial instruments as hedges for specific assets, liabilities or anticipated transactions. When hedged assets or liabilities are sold or extinguished or the anticipated transactions being hedged are no longer expected to occur, the Group recognises the gain or loss on the designated hedging financial instruments. The Group accrues the differential for interest rate and cross-currency swaps to be paid or received under the agreements as interest and exchange rates shift as adjustments to interest income or expense over the lives of the swaps. Gains and losses on the termination of swap agreements, prior to their original maturity, are deferred and amortised over the remaining original term of the instruments. Gains and losses arising from foreign currency forward and option contracts are recognised as offsets of gains and losses resulting from the items being hedged.

Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded in euros at the exchange rate prevailing at the month-end prior to the transaction date. Assets and liabilities denominated in foreign currencies are stated at their equivalent value in euros at the exchange rate prevailing as of the balance sheet date. Net exchange gains or losses resulting from the translation of assets and liabilities in foreign currencies at the balance sheet date are deferred as translation adjustments. Provision is made for all unrealised exchange losses to the extent not hedged.

Participant Revenue

Fees billed to companies ("Participants") that enter into long-term marketing agreements with the Group for the sponsorship of attractions are recognised as revenue rateably over the period of the applicable agreements.

Operating Subsidies

Operating subsidies are recorded as operating income at the point the amount is contractually due and definitive.

Earnings per Share and Diluted Earnings per Share

Earnings per share and diluted earnings per share of common stock are computed on the basis of the weighted average number of shares outstanding during the fiscal year. Diluted earnings per share excludes all potential shares that could be created by outstanding instruments to issue future shares of common stock as their effect on the calculation is anti-dilutive.

Statement of Cash Flows

The statement of cash flows measures changes in cash and cash equivalents. Cash and cash equivalents consist of cash on hand and short-term investments with original maturities of three months or less. Short-term investments are stated at the lower of cost or market value.

3 TANGIBLE FIXED ASSETS

(€ in millions)	September 30, 2001	Additions	Deductions	Transferts/Adjustment	September 30, 2002
Land and secondary infrastructure	264.5	2.5	(0.1)	85.8	**352.7**
Buildings	313.3	(0.1)	(0.9)	258.8	**571.1**
Leasehold improvements, furniture, fixtures and equipment	207.0	2.4	(14.1)	200.3	**395.6**
Subtotal	784.8	4.8	(15.1)	544.9	**1,319.4**
Construction in progress	372.6	238.8	-	(576.3)	**35.1**
Accumulated depreciation	(317.7)	(45.3)	12.8	-	**(350.2)**
Total	839.7				**1,004.3**

Fixed assets with a net book value of € 166.8 million at September 30, 2002, are either mortgaged or pledged as security under loan agreements. In fiscal years 2002 and 2001, interest capitalised on assets during their construction period amounted to € 9.2 million and € 15.1 million, respectively.

4 FINANCIAL ASSETS

	September 30,	
(€ in millions)	**2002**	2001
Phase IA Financing Company loans receivable (a)	**926.9**	958.6
Phase IB Financing Companies loans receivable (b)	**358.3**	367.7
Other (c)	**38.3**	52.6
Total	**1,323.5**	1,378.9

(a) Phase IA Financing Company loans receivable

Pursuant to the original Disneyland Park financing agreements and the Financial Restructuring, the Company provided long-term subordinated loans of € 1,010.1 million to the Phase IA Financing Company. The loans bear interest at EURIBOR. However, pursuant to the Financial Restructuring, the applicable interest rate on the outstanding balance has been temporarily reduced and will return to the contractual rate beginning in fiscal year 2004. In addition, effective October 1999, the Phase IA Financing Company and the Company agreed to certain modifications of the terms of the loans, including an acceleration of the principal reimbursement schedule and a modification of the contractual interest rate. Under the revised terms, the applicable rate is EURIBOR plus a variable margin. Accordingly, the effective rates on the loans for fiscal years 2002 and 2001 were 4.12% and 5.34%, respectively. Principal repayments commenced in fiscal year 1998 and will continue through fiscal year 2013. Principal repayments in fiscal years 2002 and 2001 were € 31.6 million and € 25.9 million, respectively. Scheduled principal repayments in fiscal year 2003 are € 40.5 million. Under the new lease structure established in 1994 (see Notes 1-2 and 24-1), these long-term subordinated loans are pledged as security.

(b) Phase IB Financing Companies loans receivable

Pursuant to the original Phase IB financing agreements and the Financial Restructuring, EDL Hôtels S.C.A. provided long-term subordinated loans of € 390.4 million to the Phase IB Financing Companies. The loans bear interest at a fixed rate of 6%. However, pursuant to the Financial Restructuring, the applicable interest rate on the outstanding balance was temporarily reduced to 4% and will return, beginning in fiscal year 2004, to the contractual rate. Principal repayments commenced in fiscal year 1998 and are scheduled to continue through fiscal year 2016. Principal repayments in fiscal years 2002 and 2001 were € 9.5 million and € 8.4 million, respectively. Scheduled principal repayments in fiscal year 2003 are € 11.7 million.

(c) Other

Other consists primarily of long-term bank guarantee deposits. In accordance with certain conditions stipulated in connection with the Financial Restructuring, the Group is required to maintain a security deposit as a pledge for the benefit of the Phases IA and IB Lenders until all of the senior debt pursuant to the financing agreements has been paid and other obligations by both the Lenders and the Group have been satisfied. The deposited amounts are adjusted quarterly and bear interest in favour of the Group.

5 INVENTORIES

Inventories consist primarily of merchandise, food and beverage and supplies. These amounts are stated net of allowance for obsolete and slow moving items of € 1.9 million and € 1.8 million at September 30, 2002 and 2001, respectively.

6 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are due primarily from tour operators and travel agents (arising from sales of Theme Park entrance tickets, hotel and meeting rooms and other amenities) as well as billings for participant fees. - As of September 30, 2002 and 2001, the reserve for potentially uncollectible accounts was € 3.0 million and € 4.4 million, respectively. As of September 30, 2002 and 2001, trade receivables included non-current receivables amounting to € 3.5 million and € 1.2 million, respectively.

7 OTHER ACCOUNTS RECEIVABLE

	September 30,	
(€ in millions)	**2002**	2001
VAT	**37.6**	92.7
Other	**30.1**	28.5
Total	**67.7**	121.2

All amounts are due within one year.

8 SHORT-TERM INVESTMENTS

Short-term investments consist primarily of cash equivalents such as money market instruments and certificates of deposit, carried at cost, which approximated market value at September 30, 2002 and 2001.

9 DEFERRED CHARGES

	September 30,	
(€ in millions)	**2002**	2001
Financial contributions to public infrastructure (a)	**56.2**	60.5
Other (b)	**30.5**	27.6
Total	**86.7**	88.1

(a) Financial contributions to public infrastructure

Financial contributions to public infrastructure consist primarily of a payment of € 34.3 million made by the Group to the S.N.C.F. (Société Nationale des Chemins de Fer Français), the French national railway company, as part of its financial commitment to the construction of the T.G.V. (high speed train) railway station located within Disneyland Resort Paris. This contribution is being amortised over a period of twenty years (beginning on the opening of the T.G.V. station in 1994). Remaining amounts relate to various financial contributions to the construction of primary infrastructure, such as roadways and water, gas and electricity distribution systems. Contributions to public infrastructure are stated net of accumulated amortisation of € 29.1 million and € 24.7 million at September 30, 2002 and 2001, respectively.

(b) Other

Other consists primarily of the cost of major renovations performed on Disneyland Resort Paris assets. As of September 30, 2002 and 2001, these costs totalled € 42.6 million and € 34.8 million, respectively and are reported net of accumulated amortisation of € 15.4 million and € 10.8 million, respectively.

10 SHAREHOLDERS' EQUITY

		(€ in millions)		
	Number of Shares (in thousands)	Share Capital	Share Premium	Retained Earnings
Balance at September 30, 2000	**1,055,772**	**804.8**	**288.9**	**153.8**
Issuance of new shares	15	-		
Allocation to General Partner				(0.2)
Net income				30.5
Balance at September 30, 2001	**1,055,787**	**804.8**	**288.9**	**184.2**
Issuance of new shares	151	0.1	0.1	-
Allocation to General Partner				(0.2)
Net loss				(33.1)
Balance at September 30, 2002	**1,055,938**	**804.9**	**289.0**	**150.9**

- Number of shares

The number of shares above represent the Company's issued, outstanding and fully paid shares, at the respective dates.

- Retained earnings

At September 30, 2002 and 2001, the Company's retained earnings include a legal reserve of € 16.9 million and € 15.4 million, respectively, which is not available for distribution.

- Warrants

As part of the Financial Restructuring, the Company issued 290 million warrants, enabling the holders of such warrants to subscribe for 1.069 share of the Company's common stock at a price of € 6.10 for every three warrants held. The warrants have a term of ten years and may be exercised between January 1996 and July 2004.

11 QUASI-EQUITY

In 1994, as part of the Financial Restructuring, the Company issued 2,500,121 bonds redeemable in shares ("ORAs") with a nominal value of € 60.98, a coupon rate of 1% per annum and a ten-year term. Upon maturity, each ORA will be redeemable by the issuance of 10,691 shares of the Company's common stock.

12 PROVISIONS FOR RISKS AND CHARGES

(€ in millions)	September 30, 2001	Additions	Reversals	September 30, 2002
Provisions for risks and charges	35.8	4.0	(4.3)	35.5

At September 30, 2002 and 2001, provisions for risks and charges primarily included provisions for various charges, claims and litigation. The additions and reversals in fiscal year 2002 related to individually insignificant items.

13 BORROWINGS

(€ in millions)	September 30, 2002	2001
Convertible bonds (a)	**-**	373.7
CDC Phase I loans (b)	**168.9**	168.9
CDC Walt Disney Studios Park loans (c)	**381.1**	381.1
Phase IA credit facility (d)	**122.1**	128.3
Phase IB credit facility (e)	**26.0**	27.3
TWDC Line of Credit (f)	**62.5**	-
Other	**20.8**	20.6
	781.4	1,099.9
Accrued interest	**39.9**	41.3
Total	**821.3**	1,141.2

(a) Convertible bonds

In 1991, the Company issued 28,350,000 unsecured 6.75% fixed rate convertible bonds with an aggregate face value of € 605.1 million. Each convertible bond had a face value of € 21.34 and was convertible into 1.455 share of the Company's common stock. As of September 30, 2001, 15,916,670 bonds remained outstanding in the amount of € 373.7 million, including a bond redemption premium due upon maturity of € 34.0 million. On October 1, 2001, these bonds matured and cash was made available to reimburse the outstanding obligation plus accrued interest payable of € 22.9 million.

(b) Caisse des Dépôts et Consignations ("CDC") Phase I loans

Pursuant to the original credit agreement and the Financial Restructuring, the Company borrowed from the CDC € 40.6 million senior debt and € 128.3 million subordinated debt. The senior debt is secured by Disneyland Park, Disneyland Hotel, Davy Crockett Ranch, and other related facilities and the underlying land thereof. The subordinated debt is unsecured. The loans originally bore interest at a fixed rate of 7.85%; however, effective as of September 30, 1999, the terms of these loans were modified so as to reduce the fixed interest rate to 5.15%, defer principal repayments and extend the final maturity date from fiscal year 2015 to fiscal year 2024. At September 30, 2002 and 2001, accrued interest related to these loans was € 8.0 million.

(c) CDC Walt Disney Studios Park loans

On September 30, 1999, the Company executed a credit agreement with the CDC to provide € 381.1 million of subordinated loans to finance a portion of the construction costs of Walt Disney Studios Park. The credit agreement includes four loan tranches, two of € 76.2 million each maturing in fiscal years 2015 and 2021, respectively and two of € 114.3 million, each maturing in fiscal years 2025 and 2028, respectively. The loans were fully drawn during fiscal year 2001 in connection with the construction of Walt Disney Studios Park. The loans bear interest at a fixed rate of 5.15% per annum, unless interest or principal payments were to be deferred under the provisions of the loans, during which time the interest rate on the deferred amounts is EURIBOR plus 2% or 5.15%, whichever is greater. The timing of interest payments depends on the size of the Company's surpluses in cash and short-term investments at each scheduled annual repayment date. The annual interest payment due as of December 31, 2001 in the amount of € 14.5 million has been deferred in accordance with the provisions of the loans and will accrue interest at the greater of 5.15% or EURIBOR plus 2% (5.30% as of September 30, 2002) until the deferred interest is paid. At September 30, 2002, accrued interest related to these loans was € 29.9 million, including the above described deferred amount. At September 30, 2001, accrued interest related to these loans was € 9.6 million.

(d) Phase IA credit facility

Pursuant to the original credit agreement with a syndicate of international banks and the Financial Restructuring, the Company borrowed € 148.6 million under the Phase IA credit facility. The obligations under this credit facility are secured by Disneyland Park, Disneyland Hotel, Davy Crockett Ranch, other related facilities and the underlying land thereof. Principal repayments commenced in fiscal year 2000 with final repayment in fiscal year 2010. From October 1, 1996 to September 30, 2003, the loans bear interest at EURIBOR plus 1.28% (4.58% at September 30, 2002). From October 1, 2003, the margin will decrease and the applicable rate will be EURIBOR plus 1%. At September 30, 2002 and 2001, accrued interest related to this facility was immaterial.

(e) Phase IB credit facility

Pursuant to the original credit agreement with a syndicate of international banks and the Financial Restructuring, EDL Hôtels S.C.A. borrowed € 29.7 million under the Phase IB credit facility. The obligations under this credit facility are secured by the Phase IB Facilities. Principal repayments commenced in fiscal year 1998 with final repayment in fiscal year 2012. From October 1, 1997 to September 30, 2003, the loans bear interest at EURIBOR plus 1.33% (4.63% at September 30, 2002). From October 1, 2003, the margin will decrease and the applicable rate will be EURIBOR plus 1%. At September 30, 2002 and 2001, accrued interest related to this loan amounted to € 0.2 million and € 0.3 million, respectively.

(f) TWDC Line of Credit

As part of the Financial Restructuring, TWDC made available, until 2004, a subordinated unsecured € 167.7 million standby revolving credit facility to the Group, which bears interest at EURIBOR (3.30% as of September 30, 2002). At September 30, 2002, accrued interest related to this facility amounted to € 0.2 million.

Debt Covenants

The Financial Restructuring agreements include covenants with respect to the restructured financing arrangements between the Group and the Lenders. These covenants primarily consist of restrictions on additional indebtedness and capital expenditures, the provision of certain financial information and compliance with certain financial ratio thresholds, which were most recently modified by subsequent agreements with the Lenders in October 2002. In conjunction with Walt Disney Studios Park, the Lenders agreed to authorise the capital investment for the project and to modify these covenants during the construction period, including the approval of an increase of € 15.2 million per year in the maximum level of recurring capital expenditures for fiscal years 2000 through 2002. In October 2002, our lenders agreed to lower the required threshold for the gross operating income financial covenant for fiscal year 2002. As part of this modification, we will submit to a new gross operating income covenant for fiscal years 2003 and 2004, the level of which is based upon our annual operating plans. In addition, we will increase (up to double) our quarterly debt security deposits, unless certain targeted levels of operating income are achieved.

The Group's borrowings at September 30, 2002 have the following scheduled maturities:

(€ in millions)	
2003	10.1
2004	88.5
2005	31.9
2006	16.3
2007	19.9
Thereafter	614.7
Total	**781.4**

14 PAYABLES TO RELATED COMPANIES

Payables to related companies principally include payables to the Financing Companies for rent payable pursuant to Disneyland Park and Hotel Leases and sub-leases (see Note 24) and payables to wholly-owned subsidiaries of TWDC for royalties and management fees (see Note 18) and costs associated with the construction of Walt Disney Studios Park. All amounts are due within one year.

15 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30,	
(€ in millions)	**2002**	2001
Suppliers	**183.8**	157.1
Payroll and employee benefits	**55.8**	53.0
VAT	**6.3**	65.1
Other	**45.9**	55.0
Total	**291.8**	**330.2**

All amounts are due within one year.

16 DEFERRED REVENUES

Deferred revenues consist primarily of pre-paid rent income received on long-term ground lease contracts and participant revenues that are being recognised as income straight-line over the term of the related contract.

17 REPORTED SEGMENTS

The Group has two reportable segments: the Resort, which includes the operations of the Theme Parks, Hotels and Disney Village and Real Estate Development. The Group evaluates the performance of its segments based primarily on income before lease, net financial charges and exceptional items. The Group does not evaluate the performance of its segments based upon their respective fixed asset values. The accounting policies of these segments are the same as those described in Note 2 "Summary of Significant Accounting Policies".

The table below presents information about reported segments for fiscal years 2002 and 2001:

	Year ended September 30,	
(€ in millions)	**2002**	2001
SEGMENT REVENUES		
Resort activities	**1,048.7**	968.0
Real estate development activities	**27.3**	37.2
Total	**1,076.0**	1,005.2
SEGMENT COSTS AND EXPENSES		
Resort activities	**(885.1)**	(806.6)
Real estate development activities	**(15.2)**	(13.4)
Total	**(900.3)**	(820.0)
SEGMENT INCOME BEFORE LEASE AND NET FINANCIAL CHARGES		
Resort activities	**163.6**	161.4
Real estate development activities	**12.1**	23.8
Total	**175.7**	185.2

18 COSTS AND EXPENSES

	Year ended September 30,	
(€ in millions)	**2002**	2001
Direct operating costs (a)	**617.2**	551.3
Marketing, general and administrative expenses	**183.5**	183.0
Depreciation and amortisation	**64.1**	54.0
Royalties and management fees (b)	**35.5**	31.7
Total	**900.3**	820.0

(a) Direct Operating Costs

Direct operating costs include operating wages and employee benefits, cost of sales for merchandise and food and beverage, transportation services and real estate land sales and other costs such as utilities, maintenance, insurance and operating taxes.

(b) Royalties and Management Fees

Royalties represent primarily payments to wholly-owned indirect subsidiaries of TWDC under a licence agreement that grants the Group the right to use any present or future intellectual or industrial property of TWDC incorporated in attractions or other facilities including the right to sell merchandise incorporating intellectual property rights owned by TWDC. Management fees are payable to Euro Disney S.A., the Company's Gérant, as specified in the Company's by-laws. Royalties and management fees are based primarily upon operating revenues.

In fiscal year 1999, after a five year waiver resulting from the Financial Restructuring, royalties were reinstated at half their original rate and management fees were reinstated at a reduced rate. Royalties will be fully reinstated beginning in fiscal year 2004 and management fees will progressively increase through fiscal year 2018. During both fiscal years 2002 and 2001, the rates applicable to each revenue category were consistent and ranged from zero to five percent resulting in fiscal year 2002 in royalties and management fees of € 24.0 million and € 11.5 million, respectively. During fiscal year 2001, royalties and management fees were € 21.8 million and € 9.9 million respectively.

19 EXCEPTIONAL INCOME (LOSS)

	Year ended September 30,	
(€ in millions)	**2002**	2001
Pre-opening costs – Walt Disney Studios Park (a)	**(37.2)**	(5.3)
Movements in provisions for risks and asset valuation reserves	**0.7**	(0.8)
Euro implementation costs	**(1.0)**	(1.5)
Loss on early repurchase of 6.75% Convertible Bonds (b)	**-**	(2.3)
Fixed assets write-offs	**(0.6)**	(1.4)
Other (c)	**0.1**	4.1
Total	**(38.0)**	(7.2)

(a) Pre-opening costs – Walt Disney Studios Park

During fiscal year 2002 and 2001, the Group incurred € 37.2 million and € 5.3 million, respectively, of pre-opening expenses related to Walt Disney Studios Park. These expenses include the costs of hiring and training employees for the Park during the pre-opening period, costs of the pre-opening advertising campaign and the media events which took place in February and March 2002.

(b) Loss on early repurchase of 6.75% Convertible Bonds

During fiscal year 2001, the Group made early repurchases of a portion of its 6.75% Convertible Bonds. The exceptional losses represent the difference between the book value for the bonds on the Company's books on the date of these repurchases and the cash paid for the bonds.

(c) Other

The fiscal year 2001 amount included a € 2.3 million reversal of a portion of the provision for repairs necessitated by the December 26th storm.

20 INCOME TAXES

Income tax expense is calculated using the statutory tax rate in effect as of the balance sheet date. For fiscal years 2002 and 2001, this rate was approximately 35.4% and 36.4%, respectively. During fiscal years 2002 and 2001, no income tax was payable by the Group as a result of the utilisation of tax loss carryforwards. Accordingly, the Group's effective tax rate for these periods was 0%.

At September 30, 2002, unused tax loss carryforwards were approximately € 640 million, of which, approximately € 240 million, if not utilised, will expire before fiscal year 2007. The remaining tax losses can be carried forward indefinitely; however, due to the uncertainty of the ultimate realisation of these tax benefits, the Group has not recorded any deferred tax assets.

21 STOCK OPTIONS

In 1994, the Company's shareholders approved the implementation of an employee stock option plan (the "1994 Plan") authorising the issuance of stock options for acquisition of up to 2.5% of the Company's outstanding common stock. Through September 30, 2002, the Company had granted a total of 8,266,371 options, net of cancellations and exercises, (to acquire one share of common stock each) to certain managers and employees at a market exercise price which represented the average closing market price over the preceding 20 trading days. The options are valid for 10 years from their issuance date and become exercisable over 5 years in equal instalments beginning one year from the date of grant. Upon termination of employment, any unvested options are cancelled. However, options that are exercisable as of the date of termination, may be exercised within a specified period of time or else they are cancelled.

In March 1999, the Company's shareholders approved the implementation of a second employee stock option plan, with substantially the same terms as the 1994 Plan, authorising the issuance of stock options for acquisition of up to 2.5% of the Company's outstanding common stock. The options granted under that plan are valid for 8 years from their issuance date. Through September 30, 2002, the Company had granted a total of 25,080,800 options, net of cancellations and exercices, under this plan.

A summary of the Company's stock option activity for the years ended September 30, 2002 and 2001, is as follows:

	Number of Options (in thousands)	Weighted-average Exercise Price (in €)
Balance at September 30, 2000	**20,020**	**1.09**
Options granted	9,395	0.77
Options exercised	(14)	0.83
Options cancelled	(4,076)	1.06
Balance at September 30, 2001	**25,325**	**0.98**
Options granted	9,893	1.10
Options exercised	(142)	0.81
Options cancelled	(1,729)	0.96
Balance at September 30, 2002	**33,347**	**1.02**

The following table summarises information about stock options at September 30, 2002:

	Options Outstanding			Options Exercisable	
Range of Exercise Price	Number of Shares (in thousands)	Weighted-average Remaining Contractual Life (in years)	Weighted-average Exercise Price	Number of Shares (in thousands)	Weighted average Exercise Price
€ 0.77 – 1.00	15,495	6	€ 0.80	4,438	€ 0.81
€ 1.01 – 2.00	17,189	6	€ 1.16	6,895	€ 1.24
€ 2.01 – 2.50	663	3	€ 2.32	663	€ 2.32
	33,347	**6**	**1.02**	**11,996**	**€ 1.14**

22 FINANCIAL INSTRUMENTS

22-1 Interest rate risk management transactions

The Group uses interest rate swaps and other instruments to manage its exposure to changes in interest rates and to lower its overall borrowing costs. The impact of changes in interest rates affects financial income and expense as well as lease rental expense of the Group.

The following table summarises, by notional amounts, the activity for interest rate contracts outstanding during the years ended September 30, 2002 and 2001. Roll-forward activity, which represents renewal of existing positions, is excluded.

(€ in millions)	Forward Agreements/Swaps
Balance at September 30, 2000	**-**
Additions	563.8
Maturities/Terminations	-
Balance at September 30, 2001	**563.8**
Additions	-
Maturities/Terminations	-
Balance at September 30, 2002	**563.8**

During fiscal year 2001, the Company entered into several interest rate swap agreements which became effective at or near September 30, 2001 and have a term of 2 years. These agreements require the company to pay fixed interest rates ranging from 3.79% to 4.69% and to receive interest payments calculated based upon 3 month EURIBOR on the outstanding notional amounts, which total € 563.8 million as of September 30, 2002.

The total interest rate differential resulting from interest rate hedging instruments was a loss of € 5.4 million in fiscal year 2002. There was no material impact in fiscal year 2001. The fair value of these contracts is estimated to be the same as the cost or gain to the Group to terminate its interest rate hedging contracts. At September 30, 2002 taking into account the prevailing interest rate environment and credit worthiness of counterparties, this amount would represent a loss of € 7.4 million (€ 8.1 million at September 30, 2001).

22-2 Currency risk management transactions

The Group's exposure to foreign currency risk relates principally to variations in the value of the U.S. dollar and certain European currencies.

The Group's objective is to reduce earnings and cash flow volatility associated with foreign exchange rate changes to allow management to focus its attention on its core business issues and challenges. Accordingly, the Group enters into various contracts that change in value as foreign exchange rates change to protect the value of its existing foreign currency assets and liabilities, commitments and anticipated foreign currency revenues and expenses.

At September 30, 2002 and 2001, the Group had € 54.3 million and € 103.4 million, respectively, of foreign currency hedge contracts outstanding, consisting of forward exchange contracts and options. The fair value of these contracts is estimated to be the same as the cost or gain to the Group of terminating its foreign exchange contracts. This amount was a loss of € 0.1 million and € 2.0 million at September 30, 2002 and 2001, respectively.

22-3 Concentrations of credit risk

Management believes no significant concentration of credit risk exists with respect to the Group's financial instruments. The Group utilises a variety of off-balance sheet instruments for hedging purposes. At September 30, 2002 and 2001, neither the Group nor the counterparties were required to collateralise their respective obligations under the terms of these hedging contracts.

23 COMMITMENTS AND CONTINGENCIES

There are various legal proceedings and claims against the Group relating to construction and other activities incident to the conduct of its business. Management has established provisions for such matters and does not expect the Group to suffer any material additional liability by reason of such actions, nor does it expect that such actions will have a material effect on its liquidity or operating results.

The Company is jointly liable for all Phase IA Financing Company obligations under the Phase IA credit facility until their scheduled maturity date in 2009. These obligations total € 290.8 million as of September 30, 2002.

EDL Hôtels S.C.A. has guaranteed all Phase IB Financing Companies' obligations under the Phase IB credit facility and Phase IB partner's advances until their scheduled maturity date (2016 at the latest). These obligations total € 245.6 million as of September 30, 2002.

As part of the terms of the Financial Restructuring, the Company was required to pay a one-time development fee of € 182.9 million to TWDC upon the satisfaction of certain conditions, including conditions relating to the launch and financing of a second phase of development. In order to obtain the approval for the financing of Walt Disney Studios Park from the Lenders, TWDC agreed to amend the terms and conditions of the development fee so that it will not be due until future events occur, including the repayment of the existing bank debt of the Company and of the CDC Walt Disney Studios Park loans and the achievement by the Group of specified cash flow levels.

24 LEASED ASSETS

The Group owns Walt Disney Studios Park, Disneyland Hotel, the Davy Crockett Ranch, the golf course, the underlying land thereof and the land on which the other five hotels and Disney Village are located, and leases substantially all of the remaining operating assets. Pursuant to options available under French accounting principles, the Group has not capitalised these leases and has accounted for them as operating leases.

24-1 Disneyland Park and Hotel Leases

Description

The Group leases Disneyland Park, the Phase IB Facilities and the Newport Bay Club Convention Centre, directly or indirectly, from eight special purpose financing companies. The following discussion summarises the significant terms of each lease:

• *Disneyland Park - Phase IA Lease*

Originally, pursuant to the Phase IA financing agreements, the Company leased Disneyland Park directly from the Phase IA Financing Company under a *crédit-bail* (financial lease) which commenced Opening Day and was to end when the underlying borrowings and interest were repaid in full by the Phase IA Financing Company. Pursuant to the terms of the Financial Restructuring, a new leasing structure for Disneyland Park assets was implemented.

Under the new lease structure, effective June 30, 1994, the original financial lease was cancelled and a new financial lease established whereby the Phase IA Financing Company leases Disneyland Park to EDA SNC with terms similar to the original financial lease. The Company, in turn, is subleasing Disneyland Park from EDA SNC for a term of 12 years with rent substantially equal to the amount invoiced by the Phase IA Financing Company to EDA SNC. At the end of the sublease term, the Company will have the option to acquire the leasehold position of EDA SNC upon payment of an option fee of approximately € 78.7 million. If the Company does not exercise this option and thereby elects to discontinue leasing Disneyland Park, EDA SNC may continue to lease the assets, with an ongoing option to purchase them for an amount approximating the balance of the Phase IA Financing Company's then outstanding debt. Alternatively, EDA SNC could terminate the lease, in which case EDA SNC would pay the Phase IA Financing Company an amount equal to 75% of its then outstanding debt, and could then sell or lease the assets on behalf of the Phase IA Financing Company, in order to satisfy the remaining debt, with any excess proceeds payable to the benefit of EDA SNC.

• *Disneyland Park - Additional Capacity Attractions Lease*

As part of the Financial Restructuring, EDA SNC purchased certain tangible fixed assets, principally Disneyland Park attractions constructed subsequent to Opening Day, for their book value of € 213.4 million and subsequently leased the assets back to the Company for a period of 12 years for a fixed annual lease payment of € 2.1 million. At the end of the lease term, the Company will have the option to purchase the assets for € 213.4 million. If this option is exercised, TWDC has agreed to provide financing over an eight-year term at an interest rate of 1% per annum. As an alternative to this purchase option, the Company may enter into a new 12-year financial lease for these assets with EDA SNC at the end of the original lease term, with terms substantially similar to those of the financing for the purchase option described above. At the end of this second lease term, the Company will have the option of purchasing the leased assets for a nominal amount.

• *Hotel - Phase IB Facilities Leases*

EDL Hôtels S.C.A. leases the Phase IB Facilities from the six Phase IB Financing Companies. The lease will terminate in February 2011. Beginning in fiscal year 1998, the Group has the option to acquire at any time during the term of the lease the leased assets for an amount approximating the balance of the Phase IB Financing Companies' outstanding debt.

• *Hotel - Newport Bay Club Convention Centre Lease*

EDL Hôtels S.C.A. has sale-leaseback agreements with Centre de Congrès Newport S.A.S., for the Newport Bay Club Convention Centre. The lease began in November 1997 and has a term of 20 years, at the end of which EDL Hôtels S.C.A. has the option to repurchase the convention centre for a nominal amount. Annual lease payment amounts are based upon the construction costs of the asset and an interest rate of 6 month EURIBOR + 20 basis points.

Lease rental expense was € 188.8 million and € 185.8 million for the years ended September 30, 2002 and 2001, respectively. The rental expense under these leases consists of the lessor's debt service payments (principal and interest), including those related to the long-term loans granted by the Group (as described in Note 4), and any operating costs (primarily property taxes) incurred by the lessor. Thus, lease rental expense fluctuates principally with the lessor's interest expense variations, due to variable interest rates and interest forgiveness rate changes, and the timing of principal repayments on the leasing entities' debt.

Lease Commitments

The following table summarises the gross amount of future minimum rental commitments (excluding operating costs) due to the Financing Companies, under non-cancellable operating leases. The future commitments calculation is based upon the following assumptions:

- Average future EURIBOR of 6%.

- The Group will exercise its purchase options on the Phase IB Facilities at the end of the Phase IB lease terms in February 2011 for an estimated amount of € 280 million. This option fee is included in the following commitment table in the line Thereafter.

- The Company will exercise its option at the end of the 12th year of Disneyland Park Phase IA lease. In this event, the Company will pay an option fee of € 78.7 million and will continue to lease the assets. The option fee and the resulting lease obligations are reflected in the following commitment table in fiscal year 2006 and thereafter.

- The Company will exercise its option under Disneyland Park – Additional Capacity Attractions Lease – and will purchase the leased assets for € 213.4 million. The purchase price of the leased assets is included in the following commitment table in fiscal year 2006.

Lease commitments as of September 30, 2002 are as follows:

		Loans granted by the Group to Lessors (see Note 4)		
(€ in millions)	Lease Commitments (Gross amounts)	Interest Payments	Principal Repayments	Lease Commitments (Net amounts)
2003	226.2	(75.6)	(52.2)	98.4
2004	253.9	(82.9)	(67.3)	103.7
2005	263.6	(78.1)	(74.7)	110.8
2006	571.3	(72.9)	(90.0)	408.4
2007	291.7	(66.7)	(101.6)	123.4
Thereafter	2,413.1	(237.5)	(899.2)	1,276.4
Total	4,019.8	(613.7)	(1,285.0)	2,121.1

Lease rental commitments include principal and interest amounts due to the Group as repayment of the long-term loans granted by the Group to the Phase I SNCs. However, the portion of the rental commitments related to principal and interest amounts on the long-term loans granted by the Group to the Phase I SNCs has no cash-flow impact on the Group as the cash outflow for this portion of lease rental expense is exactly offset by the cash inflow of interest and principal repayments. Therefore, the portion of the gross rental commitment related to the repayment of these long-term loans is separately identified to arrive at a total net lease commitment.

Book value of leased assets

As the Group accounts for these transactions as operating leases, the historical cost and depreciation of the assets, and related secured indebtedness are not included in the Group's consolidated financial statements. The book value and depreciation of the assets, which are carried by the Financing Companies, are summarised as follows:

	September 30, 2002			
(€ in millions)	Historical Cost	Accumulated Depreciation	Net Book Value	Estimated Useful Lives
Intangible assets	15.6	(12.9)	2.7	10 years
Land and secondary infrastructure	302.6	(122.4)	180.2	10 to 25 years
Buildings	1,852.1	(775.6)	1,076.5	25 to 33 years
Leasehold improvements, furniture, fixtures and equipment	405.9	(333.5)	72.4	5 to 25 years
Total	2,576.2	(1,244.4)	1,331.8	

Depreciation expense using the straight-line method, as reported by the Financing Companies, was € 105.9 million and € 122.6 million for the years ended September 30, 2002 and 2001, respectively.

24-2 Other Leases

The Group has other operating leases, primarily for office and computer equipment and vehicles, for which total rental expense was € 27.4 million and € 26.7 million for the years ended September 30, 2002 and 2001, respectively. Future minimum rental commitments under these non-cancellable operating leases as of September 30, 2002 are as follows:

(€ in millions)	
2003	9.4
2004	8.2
2005	7.2
2006	6.2
2007	1.7
Thereafter	3.2
Total	**35.9**

25 EMPLOYEES

The weighted-average number of employees employed by the Group was:

	Year ended September 30,		
	2002	2001	2000
Cadres	2,287	1,997	1,854
Non-cadres	10,180	9,112	9,578
Total	12,467	11,109	11,432

Total employee costs for the years ended September 30, 2002 and 2001 were € 352.0 million and € 307.0 million, respectively.

All employees participate in state funded pension plans in accordance with French laws and regulations. Certain employees also participate in a supplemental defined contribution plan. Contributions to all plans are based on gross wages and are shared between the employees and the Group. Contributions paid by the Group are expensed as incurred. In addition, retirement indemnities are paid under the terms of the Group's collective bargaining agreement.

A new collective bargaining agreement became effective in April 2001, which among other things increased the retirement benefits provided by the Group to its employees. Under the agreement, a retirement indemnity ranging from one-half a month to 3 months of gross wages is provided to employees who retire from the Group at the age of 60 or older after completing at least 1 year of service.

As of September 30, 2002, the future commitment with respect to these retirement indemnities was estimated to be € 6.4 million compared to € 5.8 million as of September 30, 2001.

26 DIRECTORS' FEES

During the years ended September 30, 2002 and 2001, fees paid to members of the Company's Supervisory Board were € 133,393 and € 201,995, respectively.

27 SUMMARY OF DIFFERENCES BETWEEN ACCOUNTING PRINCIPLES ADOPTED BY THE GROUP AND GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN THE U.S. AND SUPPLEMENTAL DISCLOSURES

As a result of the 1994 rights offering referred to in Note 1-3, Euro Disney S.C.A. is required to file an annual report on Form 20-F with the Securities and Exchange Commission ("SEC") in the United States within six months of September 30 each year. As explained in the summary of significant accounting policies, the consolidated financial statements have been prepared in accordance with accounting principles generally accepted in France ("French GAAP"). French GAAP varies in certain significant respects from accounting principles generally accepted in the United States ("U.S. GAAP") particularly for leases of operating assets, which are accounted for as operating leases in accordance with one of the options allowed by French GAAP, rather than being capitalised. Additionally, in connection with the Financial Restructuring, the Company's computation of interest expense under French GAAP differs significantly from U.S. GAAP.

The reconciliations of net income and equity between French and U.S. GAAP are shown below, followed by a condensed consolidated balance sheet prepared under U.S. GAAP. A description of the accounting principles which materially differ also follows:

Reconciliation of Net Income (Loss)

	Year ended September 30,	
(€ in millions)	**2002**	2001
Net Income (Loss), as reported under French GAAP	**(33.1)**	30.5
Lease and interest adjustments	**(35.7)**	(78.4)
Other	**1.5**	(2.7)
Net Loss under U.S. GAAP	**(67.3)**	(50.6)
Comprehensive Income Items:		
Interest rate hedges	**0.7**	(8.1)
Comprehensive Loss under US GAAP	**(66.6)**	(58.7)

Reconciliation of Shareholders' Equity

(€ in millions)	September 30, 2002	2001
Shareholders' Equity, as reported under French GAAP	**1,244.8**	1,277.9
Cumulative lease and interest adjustments	**(1,287.0)**	(1,251.3)
Effect of revaluing the ORAs and sale/leaseback transactions	**178.1**	178.1
Other	**(23.3)**	(25.0)
Shareholders' Equity under U.S. GAAP	**112.6**	179.7

Balance Sheet under U.S. GAAP

(€ in millions)	September 30, 2002	2001
Current assets	**259.4**	830.9
Other assets	**144.6**	157.0
Fixed assets	**2,660.6**	2,551.1
Total Assets	**3,064.6**	3,539.0
Current liabilities	**536.7**	568.7
Non current liabilities	**196.7**	225.5
Borrowings*	**2,218.6**	2,565.1
Shareholders' Equity	**112.6**	179.7
Total Liabilities and Equity	**3,064.6**	3,539.0

* *Excluding accrued interest*

Lease and interest adjustments

The Group leases substantially all of its operating assets under various agreements. Under French GAAP, the Group has not capitalised these leases and is accounting for them as operating leases. Under U.S. GAAP, the underlying assets and liabilities and related depreciation and interest expense are reflected in the Group's financial statements.

Under U.S. GAAP, all interest charges relating to debt instruments whose interest rates are scheduled to change or have interest "holidays" or forgiveness periods are required to be calculated in accordance with the "effective interest method". This method calculates the estimated interest charges over the life of the debt, and allocates this amount evenly over the term of the debt using an effective yield. During fiscal years 2002 and 2001, this adjustment resulted in less interest expense under US GAAP than that reported under French GAAP, as interest expense calculated using this method differs from actual interest paid.

Financial Instruments

In 1998, the Financial Accounting Standards Board ("the FASB") issued Statement of Financial Accounting Standards 133, *Accounting for Derivative Instruments and Hedging Activities*. This statement was subsequently amended by the issuance of Statement of Financial Accounting Standards 137 ("SFAS 137") and Statement of Financial Accounting Standards 138 ("SFAS 138"). The Group adopted Statement of Financial Accounting Standards 133 as amended by SFAS 137 and SFAS 138 ("SFAS 133"), effective October 1, 2000. SFAS 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or in other comprehensive income, depending on whether a derivative is designated as part of a hedging relationship and, if it is, depending on the type of hedging relationship. For fair-value hedges in which the Company is hedging changes in an asset's, a liability's, or a firm commitments' fair value, changes in the fair value of the derivative instrument will generally be offset in the income statement by changes in the hedged item's fair value. For cash flow hedges in which the Company is hedging the variability of cash flows related to a variable-rate asset, variable-rate liability, or a forecasted transaction, the effective portion of the gain or loss on the derivative instrument will be reported in other comprehensive income. The gain or loss on the derivative instrument that is reported in other comprehensive income will be reclassified as earnings in the periods during which earnings are impacted by the variability of the cash flows of the hedged items. The ineffective portion of all hedges will be recognised in current-period earnings.

As a result of adopting SFAS 133 on October 1, 2000 and in accordance with the transition provisions, the Company recorded a one-time gain of € 4.7 million related to its foreign currency derivative instruments representing the cumulative effect of the adoption.

During fiscal years 2002 and 2001, the Company recorded the change in the fair value of its interest rate derivative financial instruments in comprehensive income. For foreign exchange financial derivatives, the Company recorded a gain of € 2.0 million and a loss of € 6.7 million in financial results for fiscal years 2002 and 2001, respectively, representing the change in the market value of all foreign exchange derivative outstanding at the end of each period.

Extraordinary items

Under French GAAP the definition of exceptional items differs significantly from the U.S. GAAP definition of extraordinary items. No exceptional items in the French GAAP Statement of Income would be classified as extraordinary or non-operating under U.S. GAAP during fiscal years 2002 and 2001.

Comprehensive Income

Comprehensive income is a term used to define all non-owner changes in shareholders' equity. Comprehensive income is a concept not addressed by French GAAP. Under U.S. GAAP, comprehensive income includes, in addition to net income:

- Net unrealised holding gains/losses arising during the period on available for sale securities,
- Movements in cumulative translation adjustments,
- SFAS 133 mark to market adjustments on derivative financial instruments designated as hedge,
- Minimum pension liability adjustments.

Included in other comprehensive income in fiscal years 2002 and 2001 are a gain of € 0.7 million and a loss of € 8.1 million, respectively, representing the change in value of interest rate derivatives designated as cash flow hedges.

Employee stock options

Under U.S. GAAP, the Group follows Statement of Financial Accounting Standards 123, *Accounting for Stock-Based Compensation* ("SFAS 123"). The Group has elected under the provisions of SFAS 123 to continue to measure compensation costs using the method of accounting prescribed by Accounting Principles Board Opinion 25, *Accounting for Stock Issued to Employees*.

Earnings per Share

Under U.S. GAAP, the Group follows Statement of Financial Accounting Standards 128, *Earnings per Share,* which requires the presentation of basic and diluted earnings per share ("EPS"). Basic EPS excludes all dilution and is calculated using the weighted-average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that would occur if securities or other contracts to issue common stock were exercised or converted into common stock.

Under U.S. GAAP, basic and diluted loss per share amounts for fiscal years 2002 and 2001 were € 0.06 and € 0.05, respectively. As of September 30, 2002 and 2001, 163 million and 179 million, respectively of potential shares were excluded from the computation of diluted earnings per share because their effect would have been anti-dilutive.

Borrowings

Reconciliation of Borrowings

(€ in millions)	September 30, 2002	2001
Total Borrowings, as reported under French GAAP*	**781.4**	1,099.9
Unconsolidated Phase I SNCs debt and lease financing arrangements	**1,438.4**	1,469.2
Borrowings including unconsolidated Financing Companies	***2,219.8***	*2,569.1*
U.S. GAAP adjustments to revalue lease financing arrangements and ORAs	**(1.2)**	(4.0)
Total U.S. GAAP Borrowings*	**2,218.6**	2,565.1

** excluding accrued interest*

Description Unconsolidated Phase I SNC's debt and Lease Financing Arrangements

As described in Note 24, the Group has not capitalised the leases of its operating assets but has accounted for them as operating leases. Under U.S. GAAP, the underlying assets and liabilities are reflected in the Group's balance sheet. The underlying assets associated with these leases are set out in Note 24 above. Set out below is a schedule of U.S. GAAP obligations associated with these leases:

(€ in millions)	September 30, 2002	2001
CDC Phase I loans (a)	**361.3**	361.3
Phase IA credit facility (b)	**290.8**	312.7
Phase IB credit facility (c)	**148.7**	156.6
Phase IA partners' advances (d)	**304.9**	304.9
Phase IB partners' advances (e)	**96.9**	96.8
EDA SNC lease financing arrangement (f)	**213.4**	213.4
Newport Bay Club Convention Centre lease financing arrangement	**22.4**	23.5
	1,438.4	1,469.2
Discount on EDA SNC lease financing arrangement (f)	**(42.8)**	(47.4)
	1,395.6	1,421.8

(a) CDC Phase I loans

Pursuant to the original credit agreement and the Financial Restructuring, the Company borrowed from the CDC € 86.9 million senior debt and € 274.4 million subordinated debt. The senior debt is secured by Disneyland Park, Disneyland Hotel, Davy Crockett Ranch, and other related facilities and the underlying land thereof. The subordinated debt is unsecured. The loans bear interest at a fixed rate of 7.85%; however, effective as of September 30, 1999, the terms of these loans were modified so as to reduce the interest rate to 5.15%, defer principal repayments and to extend the final maturity date from fiscal year 2014 to fiscal year 2024. At September 30, 2002 and 2001, accrued interest related to these loans was € 16.9 million.

(b) Phase IA credit facility

The Phase IA credit facility consists of several tranches and is collateralised by a mortgage on Disneyland Park, Disneyland Hotel, Davy Crockett Ranch, other related facilities and the underlying land thereof. The Company is a co-obligor on this facility with the Phase IA Financing Company. The loan bears interest at EURIBOR plus 1.03% (4.33% at September 30, 2002). Principal repayments commenced in fiscal year 2001. At September 30, 2002 and 2001, accrued interest related to this loan amounted to € 0.4 million and € 0.6 million, respectively.

(c) Phase IB credit facility

The Phase IB credit facility is secured by the Phase IB Facilities. The loan bears interest at EURIBOR plus 1.33% (4.63% at September 30, 2002). Principal repayments commenced in fiscal year 1998. At September 30, 2002 and 2001, accrued interest related to this loans amounted to € 1.1 million and € 1.4 million, respectively.

(d) Phase IA partners' advances

These advances are related to Phase IA assets and bear interest at a fixed rate of 3.0%, however, pursuant to the terms of the Financial Restructuring, the applicable interest rate was reduced by 54% in both fiscal years 2002 and 2001. Principal repayments are scheduled to commence in fiscal year 2010. At September 30, 2002 and 2001, accrued interest related to these advances was € 0.8 million.

(e) Phase IB partners' advances

These advances currently consist of two tranches, including € 18.8 million of bank borrowings, and are collateralised by Phase IB assets. The bank borrowings totalling € 18.8 million bear interest at EURIBOR plus 1.46% (4.76% at September 30, 2002). The remaining advances totalling € 78.0 million bear interest at a fixed rate of 3.0%, however, pursuant to the terms of the Financial Restructuring, the applicable interest rate was reduced by approximately 35% in both fiscal years 2002 and 2001. Principal repayments are scheduled to commence in fiscal year 2006. At September 30, 2002 and 2001, accrued interest related to these advances was € 0.2 million.

(f) EDA SNC lease financing arrangement

Represents the Company's obligation under Disneyland Park-Additional Capacity Attractions lease with EDA SNC (as described in Notes 1-2 and 24). Under U.S. GAAP, this transaction is considered a financing arrangement at a rate below market levels; therefore, the obligation was discounted to reflect current market rates of interest at the inception of the lease. The discounted obligation is being accreted and will arrive at its maturity value in June 2006. As of September 30, 2002 and 2001, the discounted value of this obligation was € 170.6 million and € 166.0 million, respectively.

These outstanding borrowings have the following scheduled maturities as of September 30, 2002:

(€ in millions)	
2003	37.5
2004	40.9
2005	50.9
2006	61.1
2007	101.7
Thereafter	1,103.5
Total	**1,395.6**

Bonds redeemable in shares ("ORAs")

Under French GAAP, the ORAs were originally recorded at face value as quasi-equity. In fiscal year 1998, the carrying value of the waived ORAs was transferred to shareholders' equity, as a result of a waiver of ORA rights. In fiscal year 2000, this amount was transferred back to quasi-equity, following the reinstatement of the waived rights. Under U.S. GAAP, the ORAs were recorded at their discounted fair value upon issuance and included in the Company's outstanding borrowings. Upon maturity in 2004, these bonds will be redeemed in shares of the Company and € 38.1 million will be transferred to shareholders' equity. The difference between the discounted fair value of the ORAs at their issuance and their maturity value is being amortised to interest expense. As of September 30, 2002 and 2001, the carrying value of the ORAs included in U.S. GAAP borrowings was € 41.6 million and € 43.6 million, respectively.

Royalties and Management Fees

The Group is party to a licensing agreement under which the Group pays royalties to an indirect wholly-owned subsidiary of TWDC. In addition, the Company is bound by the terms of its by-laws to pay management fees to Euro Disney S.A., also an indirect wholly-owned subsidiary of TWDC. As part of the Financial Restructuring, the terms of the licensing agreement and the terms of the Company's by-laws were modified to reduce the amounts of these fees. See Note 18(b) for a full description. Under both French and US GAAP, royalties and management fees have been recorded as due in accordance with the terms of the modified contracts.

The table below compares the total amount of the royalties and management fees recorded in the Consolidated Statements of Income to that which would have been recorded under the original terms of the modified contracts. Pro forma net loss and net loss per share reflect the loss for the periods as if the royalties and management fees had not been reduced as part of the Financial Restructuring.

	September 30,	
(€ in millions, except per share data)	**2002**	2001
Pro-forma royalties and management fees under terms of the original contracts	**111.9**	103.4
Reduction due to 1994 Financial Restructuring	**(77.2)**	(71.7)
Royalties and management fees recorded	***34.7***	*31.7*
Pro forma US GAAP Net Loss	**(144.5)**	(122.3)
Pro forma US GAAP Net Loss Per Share (in €)	**(0.14)**	(0.12)

Report of the Statutory Auditors

ON THE CONSOLIDATED FINANCIAL STATEMENTS - TRANSLATED FROM FRENCH (Year ended September 30, 2002)

To the Shareholders of
EURO DISNEY S.C.A.
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Ladies and Gentlemen,

In compliance with the assignment entrusted to us by your Shareholders' Annual General Meeting, we have audited the accompanying consolidated financial statements of Euro Disney S.C.A., expressed in Euros, for the year ended September 30, 2002.

These consolidated financial statements have been approved by Euro Disney S.A., Gérant of Euro Disney S.C.A.. Our role is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of Euro Disney S.C.A. and its subsidiaries' financial position and their assets and liabilities as of September 30, 2002 and of the results of their operations for the year then ended, in accordance with accounting principles generally accepted in France.

Without qualifying the opinion expressed above, we draw your attention to note 2 to the financial statements, relating to the change in estimate in the useful life of certain long-lived assets.

We have also reviewed the information given in the Gérant's report. We have no comments as to its fair presentation and its conformity with the consolidated financial statements.

Paris, November 19, 2002

The Statutory Auditors

Befec - Price Waterhouse
Member of PricewaterhouseCoopers
Jean-Christophe Georghiou

François Martin

General report of the Supervisory Board

ON THE MANAGEMENT OF THE EURO DISNEY S.C.A. GROUP

Ladies and Gentlemen,

We are pleased to present you our General Report on the management of the Euro Disney S.C.A. (the "Company") and its subsidiaries (collectively, the "Group") for the year ended September 30, 2002.

We do not have any particular comments on the Management Report of the *Gérant* on the Group, which we have reviewed and which has been submitted to you.

The results of the Group for the fiscal year ended September 30, 2002 show a net loss of € 33.1 million, as compared to the net profit of € 30.5 million recorded for the previous fiscal year.

This loss results mainly from both the increase in costs and expenses and lease rental expenses and exceptional costs (€ 37.2 million) of pre-opening expenses primarily associated with Walt Disney Studios Park, which opened on March 16th, 2002.

The total revenues of the Group for the fiscal year ended September 30, 2002 amounted to € 1,076 million, an increase of 7% as compared to the prior fiscal year.

As regards revenues, the revenues generated by the Theme Parks improved due to the combined effect of a higher attendance, which reached 13.1 million guests in fiscal year 2002 as compared to 12.2 million guests in fiscal year 2001, and a higher average spending per guest (+3.0 %) resulting from moderately increased park admission prices and higher spending in merchandises and food and beverages.

During fiscal year 2002, the average hotel occupancy reached a new record level of 88.2% while guest spending per room also increased during the year (+3.8%).

The revenues generated by real-estate activities for fiscal year 2002 represented a decrease of 26.6% as compared to the prior year during which several real-estate transactions with major hotel groups were recorded.

As regards charges, the license fees payable to subsidiaries of TWDC and management fees payable to the Company's Gerant amounted to € 35.5 million in fiscal year 2002 compared to € 31.7 million in fiscal year 2001.

We also inform you that as from October 1st, 2001 the Group revised the estimated useful lives of certain assets in order to more appropriately reflect their intended use, and that the impact of this change was a decrease of € 5.7 million in the depreciation expense recorded for fiscal year 2002.

Lease and net financial charges increased to € 170.8 million, as compared to € 147.5 million in fiscal year 2001, primarily attributable to scheduled increases in lease rental expense related to principal repayments on the debt of the financing companies.

The principal indebtedness of the Group (excluding accrued interests) decreased during fiscal year 2002 to reach € 781.4 million and 2,219.8 million including the debt of the unconsolidated financial companies, as compared to € 1,099.9 million and 2,569.1 million, respectively, as of September 30, 2001.

This decrease is mainly due to the reimbursement of the 6.75% convertible bonds which matured on October 1, 2001 and € 8.1 million of scheduled principal repayments.

In the aggregate, the net consolidated loss of the Group for the fiscal year ended September 30, 2002 amounts to € 33.1 million, which includes:

- profit before exceptional items of € 4.9 million, and
- exceptional loss of € 38.0 million.

With respect to the outlook for fiscal year 2003, we inform you that on the basis of the cash projections prepared by the Gerant the Group anticipates to meet its cash needs during said fiscal year through drawings under the € 167.7 million standby credit facility implemented by TWDC in 1994.

The Supervisory Board met four times during fiscal year 2002 to review the financial situation of the Group, its activities, and the outlook and strategy being pursued. The Audit Committee met three times during fiscal year 2002 to review on behalf of the Supervisory Board the financial reporting process and the audit thereof, the internal control environment and the review thereof. The Committee reviewed also the internal and external audit functions.

Finally, the Supervisory Board resolved in the course of its meeting held on November 8, 2002 to create a Nomination Committee whose role will be to propose candidates as members of the Board. This Nomination Committee comprises Messrs Philippe Labro and Tom Staggs.

Yours sincerely,
Paris, November 19, 2002

The Supervisory Board

Antoine Jeancourt-Galignani

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Parent company information

FIVE YEAR FINANCIAL REVIEW (Parent Company, Euro Disney S.C.A.)

Year ended September 30,	2002	2001	2000	1999	1998
CAPITAL AT THE END OF THE PERIOD					
Share Capital (in €)	804,883,343	804,768,524	804,757,074	585,277,704	585,029,919
Number of outstanding ordinary shares	1,055,937,724	1,055,787,093	1,055,772,071	767,834,014	767,508,941
Maximum amount of shares which can be created by way of:					
conversion of bonds	0	23,158,755	32,856,360	33,871,745	33,871,755
conversion of ORAs	26,728,794	26,728,794	26,728,794	173,140	173,140
exercise of warrants	103,338,319	103,338,319	103,338,461	96,668,500	96,668,533
exercise of employee stock options	33,347,171	25,325,000	20,020,000	15,879,000	15,987,000
RESULT OF THE PERIOD (€ in millions)					
Sales (net of VAT)	961.2	910.4	857.2	840.6	816.5
Income before income taxes, depreciation and provisions	6.7	48.3	78.1	43.0	67.8
Income taxes / (tax benefits)	(2.8)	(8.4)	(7.9)	(10.8)	(14.6)
Net Income (loss)	(46.1)	31.0	36.3	22.6	40.1
Dividends distributed	-	-	-	-	-
EARNINGS PER SHARE (m €)					
Earnings per share before depreciation and provisions but after income taxes	0.01	0.05	0.08	0.07	0.11
Earnings (loss) per share after income taxes and depreciation and provisions	(0.04)	0.03	0.04	0.03	0.05
Net dividend per share	-	-	-	-	-
EMPLOYEES					
Average number of employees	12,389	11,029	11,352	10,496	10,555
Total payroll costs (€ in millions)	255.3	227.4	220.1	200.8	196.7
Total employee benefit costs (€ in millions)	91.7	74.5	72.6	77.6	78.7

Significant operating contracts

AGREEMENT WITH FRENCH GOVERNMENTAL AUTHORITIES

On March 24, 1987, TWDC entered into an agreement on the creation and operation of Euro Disneyland in France (the "Master Agreement") with the Republic of France, the Region of Ile-de-France, the Department of Seine-et-Marne, the Public Establishment for the Development of the New Town of Marne-la-Vallée (l'"Etablissement Public d'Aménagement de la Ville Nouvelle de Marne-la-Vallée - EPA-Marne") and the Régie autonome des transports parisiens ("RATP") for the development in various phases of 1,943 hectares of undeveloped land located 32 kilometres east of Paris in Marne-la-Vallée, France (the "Resort"). Immediately after the signature of the Master Agreement, TWDC assigned its rights and obligations under the Master Agreement to Euro Disney Corporation, a wholly-owned subsidiary. The French governmental authorities party to the Master Agreement have subsequently waived all rights of recourse against TWDC under the Master Agreement. In addition, in 1988 a new public entity named the Public Establishment for the Development of Sector IV of Marne-la-Vallée ("Etablissement Public d'Aménagement du Secteur IV de Marne-la-Vallée") ("EPA France"), with responsibility for the development of the entirety of the Site, was created pursuant to the Master Agreement, and became a party thereto. The Company and the Phase IA Financing Company became parties to the Master Agreement in April 1989, as well as Euro Disney Associés S.N.C in January 1995 following the Financial Restructuring. While the Company, the Phase IA Financing Company and Euro Disney Associés S.N.C are severally responsible towards the French public authorities for the performance of the Master Agreement, the Company, in its capacity of main partner of such authorities and main beneficiary of their undertakings under the Master Agreement, has ultimate responsibility for the same.

The Master Agreement, as amended from time to time, determines the general outline of each phase of conception and operation of Disneyland Park and its outlying development (the "Project") as well as the legal and initial financial structure. It provides that loans with specific terms and conditions shall be granted.

The main provisions of the Master Agreement are summarised below.

Development planning

The Master Agreement sets out a master plan for the development of the land and a general development program defining the type and size of facilities that the Company has the right, subject to certain conditions, to develop over a 30-year period ending in 2017.

Before beginning any new development phase, the Company must provide EPA-France and several French public authorities, a proposal and other relevant information with information for approval. On the basis of the information provided, the Company and the authorities involved develop a detailed development programme.

On December 9, 1997, the Company and EPA France concluded a detailed programme for a new phase of the Val d'Europe urban development.

Financing of infrastructure

The Master Agreement specifies the conditions under which the infrastructure is to be provided by the French authorities to the Project. The relevant French public authorities have a continuing obligation to finance construction of the primary infrastructure, such as motorway interchanges, primary roadways to access the Resort, water distribution and storage facilities, rain water and waste water treatment facilities, waste treatment facilities, gas and electricity distribution systems, as well as telecommunication networks. The Master Agreement also specifies the terms and conditions of the Company's contribution to the financing of certain infrastructure.

Infrastructure provided by the French governmental authorities included the extension of the "A" line of the RER suburban rail network (which links Paris and its eastern and western suburbs to Chessy-Marne-la-Vallée Disneyland Resort Paris), the construction of two interchanges directly linking the Resort to the A4 motorway, a TGV station linking the Resort to other major cities in Europe, the completion of the "*boulevard circulaire*", and the opening of a second RER station at Val d'Europe-Serris/Montévrain.

Land rights

The Master Agreement provides for the right of the Company, subject to certain conditions, to acquire the land necessary for the completion of the Project at the Marne-la-Vallée site. The exercise by the Company of these acquisition rights is subject to certain development deadlines, which if not met would result in the expiration of said rights. To date, all minimum development deadlines have been met and no land rights have expired. The next deadline is December 31, 2007.

In order to maintain these land acquisition rights for the remaining undeveloped land around the Resort (approximately 1,100 hectares), the Company is required to pay annual fees to EPA France. For fiscal year 2002, these fees totaled € 0.8 million.

As of September 30, 2002, about 900 hectares of land had been developed or were the subject of undertakings for development.

Department of Seine-et-Marne Tax Guarantee

In addition, and pursuant to the Master Agreement, the Company, the Phase IA Financing Company, EDA SNC and the French State guaranteed a minimum level of tax revenues to the Department of Seine-et-Marne. If the Department's tax revenues are less than the amount of charges borne by the Department for primary and secondary infrastructure during the period from 1992 to 2003, the French State on the one hand, and the Company on the other hand, shall reimburse, in equal shares to the Department, the difference, up to an aggregate amount of € 30.5 million (adjusted for inflation from 1986). No amounts were due as of the end of the first measurement period on December 31, 1998. A second and last assessment, covering the entire period, will be made on December 31, 2003.

PARTICIPANT AGREEMENTS

In connection with Disneyland Park, Walt Disney Studios Park and Disney Village, the Company has entered into long term participant agreements with companies that are leaders in their fields. As of the close of fiscal year 2002, 14 participant agreements are in effect, with the following companies: American Express, Coca Cola, Esso, France Telecom, General Motors, Hasbro Inc., Hertz, IBM, Kellogg's, Kodak, McDonald's, Nestlé, Perrier-Vittel and Orange. These participant agreements provide the Disneyland Resort Paris participants with the following rights in exchange for an individually negotiated fee: (i) a presence on site through the sponsoring of one or more of Disneyland Park, Walt Disney Studios Park or Disney Village's attractions, restaurants or other facilities, (ii) promotional and marketing rights with respect to the category of product which is covered by the participant agreement, and (iii) the status of privileged supplier of the Company. Each participant agreement terminates automatically in the event of termination of the License Agreement between The Walt Disney Company (Netherlands) B.V. and the Company (see lisense Agreement below).

During fiscal year 2002, the Company signed a participant agreement with Visa, which will replace as of January 1, 2003, the expired contract signed with American Express.

UNDERTAKINGS AND AGREEMENTS OF TWDC AND SUBSIDIARIES

Undertakings

In connection with the Financial Restructuring, TWDC agreed, so long as certain indebtedness is outstanding to the Group's major creditors, to hold at least 34% of the common stock of the Company until June 10, 1999, at least 25% until June 10, 2004 and at least 16.67% thereafter. In connection with the financing of Walt Disney Studios Park, TWDC has committed to hold at least 16.67% of the common stock of the Company until 2027.

In addition, and pursuant to a separate letter to the creditors under one of the Company's principal debt agreements, TWDC has also agreed that if it opens such a themed park within a 2,500-kilometre radius of Disneyland Resort Paris prior to January 1, 2004 and before the Company meets certain financial conditions, TWDC will guarantee the repayment of amounts outstanding under such debt agreements until January 1, 2004, or such time as the financial conditions have been met.

The Company and Euro Disneyland Participations S.A., an indirect 99.9%-owned subsidiary of TWDC (which is also a partner of the Phase IA Financing Company), have agreed to indemnify the partners of the Phase IA Financing Company for all liabilities arising under the Master Agreement of the Company and the Phase IA Financing Company. To the extent the resources of the Company and the Phase IA Financing Company are insufficient to cover any such indemnity, TWDC, through a wholly-owned subsidiary, has agreed to indemnify the partners of the Phase IA Financing Company up to € 76.2 million. In connection with the Financial Restructuring, EDA SNC also undertook certain indemnification obligations in favour of the partners of the Phase IA Financing Company with respect to certain liabilities arising under the Master Agreement.

Development Agreement

Pursuant to the Development Agreement dated February 28, 1989 (the “Development Agreement”) with the Company, Euro Disney S.A. provides, and arranges for other subsidiaries of TWDC to provide the Company with a variety of technical and administrative services. These services are in addition to the services Euro Disney S.A. is required to provide as Gérant and include, among other things, the development of conceptual designs for Disneyland Park and future facilities and attractions, the manufacture and installation of special show elements, the implementation of specialised training for operating personnel, the preparation and updating of operations, maintenance and technical manuals, and the development of a master land-use plan and real estate development strategy. As the Development Agreement concerns the entire project, the services provided by Euro Disney S.A. pursuant to the Development Agreement extend to all the installations of Walt Disney Studios Park, primarily for the design and construction of said installations. Euro Disneyland Imagineering S.A.R.L. (“EDLI”), an indirect subsidiary of TWDC, was responsible for management and administration of the overall design as well as the construction of the theme parks, including the design and procurement of the show-and-ride equipment. Furthermore, most of the other facilities at the Resort were designed under the supervision of the Company with the administrative and technical assistance of affiliates of TWDC specialised in the development of hotels, resorts and other retail and commercial real estate projects in the United States, in accordance with the related services agreements.

The Company reimburses Euro Disney S.A. for all of its direct and indirect costs incurred in connection with the provision of services under the Development Agreement. These costs include (i) all operating expenses of Euro Disney S.A., including overhead and implicit funding costs, (ii) all costs incurred directly by Euro Disney S.A. billed to it by third parties and (iii) certain costs plus 10% billed to Euro Disney S.A. for services performed by TWDC or any of its affiliates. Such costs vary substantially from one fiscal year to another depending upon the projects under development.

The Development Agreement has an initial term of 30 years and can be renewed for up to three additional 10-year terms at the option of either party. The Development Agreement may be terminated by Euro Disney S.A. and by the Company under certain conditions, in particular in case of a change of control of the Company and of the Phase IA Financing Company, or in case either company were to be liquidated.

Phase II Development Fee

As part of the terms of the Financial Restructuring, we are required to pay a one-time development fee of € 182.9 million upon the satisfaction of certain conditions, including conditions relating to Walt Disney Studios Park. In order to obtain the approval of the financing of Walt Disney Studios Park by our lenders and the lenders of the Phase I SNCs from which we lease Disneyland Park and Disney hotels, TWDC agreed to amend the terms for the development fee so that it will not be due unless and until future events occur, including the repayment of existing bank debt (as defined in the agreement) as at September 27, 1999 and the achievement of specified cash flow levels. The determination as to whether the specified cash flow levels have been achieved will be made on the date that the new CDC loans are repaid and, in any case, no later than November 1, 2029.

License Agreement

Under a license agreement between The Walt Disney Company (Netherlands) B.V. (a subsidiary of TWDC which was granted a license by TWDC) and the Company (the “License Agreement”), the Company has the right to use any present or future TWDC intellectual or industrial property rights that may be incorporated into attractions and facilities designed from time to time by TWDC and made available to the Company for the Project. In addition, the License Agreement authorises the sale, on the site, of merchandise incorporating or based on TWDC intellectual property rights owned by, or otherwise available to, TWDC. These intellectual property rights are registered in the name of TWDC, which is responsible for the control of their protection in France. Royalties to be paid by the Company for the use of these rights were originally equal to:

(I) 10% of gross revenues (net of value-added tax (“VAT”) and other similar taxes) from rides, admissions and related fees (such as parking, tour guide and similar service fees) at all theme parks and attractions;

(II) 5% of gross revenues (net of VAT and other similar taxes) from merchandise, food and beverage sales in or adjacent to any theme park or other attraction, or in any other facility (with the exception of the Disneyland Hotel), the overall design concept of which is based predominantly on a TWDC theme;

(III) 10% of all fees paid by Participants; and

(IV) 5% of all gross revenues (net of VAT and other similar taxes) from the exploitation of hotel rooms and related revenues at certain Disney-themed accommodations. None of our currently existing hotels at the Disneyland Resort Paris are considered Disney-themed as defined in the License Agreement, except the Disneyland Hotel which is specifically excluded.

As part of the Financial Restructuring, TWDC waived its right to receive royalties for fiscal year 1994 through fiscal year 1998. Starting in fiscal year 1999 until fiscal year 2003 (inclusive), the royalties payable by the Company are calculated at rates equal to 50% of the rates stated above. These reduced rates will cease to apply during this period if and as from the date the Company's debt under the financial agreements is reimbursed in whole. Beginning in fiscal year 2004, the royalties payable by the Company will be calculated at 100% of the rates stated above.

The License Agreement has an initial term of 30 years and can be renewed for up to three additional 10-year terms at the option of either party. The License Agreement gives TWDC substantial rights and discretion to approve, monitor and enforce the use of TWDC properties within the site. The License Agreement may be terminated by TWDC upon the occurrence of certain events, including the removal or replacement of the Management, a change in control, directly or indirectly, of the Company, certain affiliates and the Phase IA Financing Company, the liquidation of such companies, certain assignments of the Company's interests in the License Agreement, the imposition of laws or regulations that prohibit the Company, certain affiliates and the Phase IA Financing Company from performing any of their material obligations under the License Agreement or the imposition of taxes, duties or assessments that would materially impair the assets, surplus or distributable earnings of the Company or certain of its affiliates.

LEGAL STRUCTURE OF EURO DISNEY S.C.A.

Euro Disney S.C.A. is a *société en commandite par actions* ("SCA") governed principally by Chapter II of the Commercial Code (C*ode de commerce*) and decree n° 67-236 of March 23, 1967 on commercial companies. The Company was originally structured and incorporated in 1985 in the form of a French *société anonyme* ("SA"). In 1988, EDL Holding Company, currently owner of approximately 39.1% of the share capital of the Company, acquired 99% of the share capital of the Company. An extraordinary general meeting of the shareholders of the Company held on February 24, 1989 decided to modify its corporate form from an SA to an SCA. In November 1989, the Company became a publicly held company as a result of a public offering of its common stock in France, the United Kingdom and Belgium. At the annual general meeting of the shareholders held on February 4, 1991, the Company's present corporate name, Euro Disney S.C.A., was adopted.

The four primary components of the Company's legal structure are:

- the Management ("*Gérant*"),
- the Supervisory Board,
- the General Partner,
- the limited partners or shareholders.

THE MANAGEMENT *(GERANT)*

Under French law, the primary responsibility of the *Gérant* of a *société en commandite par actions* is to manage the Company at all times in the Company's best interests. When the Company was formed Euro Disney S.A., a French *société anonyme* was appointed as its sole *Gérant*. The *Gérant* is an indirect 99%-owned subsidiary of TWDC. Under the Company's by-laws, the *Gérant* has the power to take any and all action in the name of the Company within the scope of the Company's corporate purpose and to bind the Company in all respects.

If the *Gérant* ceases to hold office for any reason, the General Partner, currently an indirect subsidiary of TWDC, has the exclusive right to appoint a successor. The *Gérant* may resign on giving six months' notice to the Supervisory Board and may only be removed from office in the following circumstances:

- for incapacity, including bankruptcy or judicial reorganisation by the General Partner,

- for any other reason with the consent of both the General Partner and holders of a two-thirds majority of the share capital of the Company in an extraordinary meeting; or

- by a court on the grounds of *cause légitime* (legitimate cause).

Under the by-laws, the Management is entitled to annual fees consisting of a base management fee and a management incentive fee, and is also entitled to a fee payable on the sale of hotels, each as described below. In addition, the by-laws provide that the Management is entitled to be reimbursed by the Company for all its direct and indirect expenses incurred in its role as Management. No amendment may be made to the entitlement of the Management to remuneration or reimbursement of expenses except by amendment to the Company's by-laws which requires the approval of the General Partner and the shareholders.

Base Management Fee of the Gérant

The base management fee was originally equal to 3% (initially scheduled to increase to 6% in 1997) of the total revenues of the Group, as defined in the by-laws of the Company, less 0.5% of the net income for the relevant fiscal year.

As part of the Financial Restructuring, the *Gérant* permanently waived its base management fee for fiscal years 1992 through 1994. In addition, the Company's by-laws were amended, at an extraordinary general meeting of the shareholders held on June 8, 1994, such that the base management fee will equal the following percentages of the total revenues of the Group, as defined, for the relevant fiscal year:

- from October 1, 1993 to September 30, 1998	:	0%;
- from October 1, 1998 to September 30, 2008	:	1.0%;
- from October 1, 2008 to September 30, 2013	:	1.5%;
- from October 1, 2013 to September 30, 2018	:	3.0%;
- and from October 1, 2018 on	:	6.0%.

Beginning on October 1, 2008, the right of the *Gérant* to receive payment of that portion of the base management fee in excess of an amount equal to 1% of the total revenues, as defined, will be contingent upon the Company achieving a positive consolidated net income before taxes for the fiscal year to which such fee relates, after taking into account all such remuneration, and upon the Company's legal ability to distribute dividends for such fiscal year. In addition, that portion of the base management fee in excess of an amount equal to 3% of the total revenues, as defined, for any fiscal year will not be due or payable until after certain indebtedness of the Company and the Phase I SNC's has been repaid in full, and may not exceed 40% of the Company's consolidated after-tax profits for such fiscal year (computed on the basis of a base management fee of 3%). Certain of the Company's debt agreements also provide for the deferral of payment of the base management fee under specified circumstances.

Management Incentive Fee

In connection with the Financial Restructuring, the by-laws of the Company were amended at an extraordinary general meeting of the shareholders held on June 8, 1994, to provide that the *Gérant's* management incentive fee for a given fiscal year be fixed at 30% of any portion of pre-tax cash flow, as defined in the - by-laws of the Company, in excess of 10% of the total consolidated gross fixed assets for the relevant fiscal year. The agreements related to the Financial Restructuring provide for the deferral of payment of the management incentive fee under specified circumstances.

Hotel Sale Fee

The Company must also pay to the *Gérant,* upon the sale of any of the hotels, a fee equal to 35% of pre-tax net revenue arising from the sale of any such hotel. This fee was not changed in the Financial Restructuring.

THE SUPERVISORY BOARD

The members of the Supervisory Board are elected by the shareholders. The by-laws provide for a minimum of three members, each of whom must be a shareholder. The Supervisory Board requires, under its own charter, that each of its members holds at least 1,000 shares.

The role of the Supervisory Board is to monitor the general affairs and the management of the Company, in the Company's best interest and in the best interest of the shareholders, as well as to monitor the transparency and quality of the information communicated to the shareholders. Pursuant to French law, the Supervisory Board is entitled to receive the same information and has the same rights as the statutory auditors of the Company. The Supervisory Board must present to the annual general meeting of the shareholders a report indicating irregularities or inaccuracies, if any, in the annual accounts.

The Supervisory Board must approve all agreements between the *Gérant* and the Company, as well as all contracts described in the paragraph *"Shareholders"* below and any amendments thereto, and must report on such agreements, contracts and amendments thereto to the next general meeting of the shareholders following their conclusion. In addition, the by-laws provide that Supervisory Board approval is required to enable the *Gérant* to enter into any material agreements on behalf of the Company with TWDC or any subsidiary thereof, or before deciding any material amendment to such agreements. The by-laws also provide that any employees of the *Gérant* or any person affiliated with the *Gérant* or the Supervisory Board will be disqualified from voting on such agreements or any amendments thereto.

Members of the Supervisory Board are elected for a term of 3 years, from the date of the annual general meeting of shareholders called to elect or re-elect them.

THE GENERAL PARTNER

The General Partner has unlimited liability for all debts and liabilities of the Company.

The General Partner is EDL Participations S.A., a French *société anonyme* that is an indirectly 99.8%-owned subsidiary of TWDC. EDL Participations cannot be removed as General Partner without its consent and cannot dispose of any part of its interest as General Partner without the approval of such disposal by a vote of the holders of a majority of shares of common stock and a majority of the voting rights of the shareholders present or represented at a general shareholders' meeting. A unanimous vote of the shareholders is required to approve a transfer of EDL Participations' entire interest.

Except with regard to the election or removal of members of the Supervisory Board by the shareholders, a resolution may be adopted only by the shareholders in a general meeting with the prior approval of the General Partner. The General Partner is entitled to a distribution each year equal to 0.5% of the Company's net after-tax profits (after deduction of losses carried forward). The General Partner received such a distribution in the amount of € 0.2 million for fiscal years 2000 and 2001. There will be no distribution for fiscal year 2002 due to the net loss incurred in that fiscal year.

THE SHAREHOLDERS

The shareholders are convened to the general meetings of shareholders and deliberate in accordance with the legal and regulatory requirements in effect. During each general meeting, each shareholder is entitled to a number of votes equal to the number of shares that he or she holds or represents. In lieu of attending a meeting in person, each shareholder may give a proxy to another shareholder or his or her spouse, vote by mail, or send to the Company a blank proxy, under the conditions provided by law and regulations.

Matters requiring a resolution passed by the holders of a simple majority of shares at an ordinary general meeting include, without limitation:

- elections to the Supervisory Board;

- approval of the annual accounts and consolidated accounts, including payment of any dividend proposed by the *Gérant*; and

- approval of any contract or transaction (other than contracts or transactions entered into under standard terms and in the ordinary course of business) or amendments thereto, entered into directly or indirectly between the Company and the *Gérant* or any member of the Supervisory Board or any Company's shareholder holding more than 5% of the voting rights, or if this shareholder is a company the controlling company thereof within the meaning of Article L. 233-3 of the "*Code de commerce*", as well as any contract or transaction into which any one of these persons is indirectly interested or which is entered into between the

Company and a company in which the *Gérant* or a member of the Company's Supervisory Board or a member of the *Gérant*'s board of directors has ownership or holds a position of general partner, manager, director, chief officer or member of the supervisory board. Shareholders with an interest in the contract or transaction are not prohibited from voting on such contract or transaction, unless they hold one of the positions set forth above.

Any resolution submitted for the vote of the shareholders at an ordinary or extraordinary meeting may be passed only with the prior approval of the General Partner, except for those relating to the election, resignation or dismissal of the members of the Supervisory Board.

A resolution passed by a two-thirds majority vote of the shareholders present or represented at an extraordinary general meeting is required for the approval of any amendment to the Company's by-laws, including any increase or reduction in the share capital, any merger or spin-off, or any conversion of the Company to another form of company.

Corporate organisation of the group

OPERATING COMPANIES

Euro Disney S.C.A.

The Company operates Disneyland Park and Walt Disney Studios Park, the Disneyland Hotel, the Davy Crockett Ranch and the Golf Course.

EDL Hôtels S.C.A.

EDL Hôtels S.C.A., a 99.9%-owned subsidiary of the Company, which operates all of the hotels except the Disneyland Hotel and the Davy Crockett Ranch, and also the Disney Village, is structured as a French *société en commandite par actions* (similar to a general partnership) governed by the same principles as the Company.

The general partner of EDL Hôtels S.C.A. is EDL Hotels Participations S.A., a French corporation *(société anonyme*) 99.9% owned by the Company. The *Gérant* of EDL Hôtels S.C.A. is Euro Disney S.A., which is also the *Gérant* of the Company.

FINANCING COMPANIES

Phase IA Financing Company and Euro Disney Associés SNC.

The Phase IA Financing Company owns Disneyland Park and leases it to Euro Disney Associés SNC ("EDA SNC"), an indirect wholly-owned affiliate of TWDC, pursuant to a leasing agreement entered into in connection with the Financial Restructuring. Both companies are structured as French partnerships (*sociétés en nom collectif*). EDA SNC, in turn, subleases Disneyland Park to the Company. Also, as part of the Financial Restructuring, the Company and the Phase IA Financing Company sold to EDA SNC certain Disneyland Park assets constructed after the opening of Disneyland Park for € 213.4 million, which are leased back to the Company by EDA SNC based upon a nominal interest rate of 1%. The Company has an option to repurchase such assets and the right to extend the term of the lease.

The partners of the Phase IA Financing Company are various banks, financial institutions and companies holding an aggregate participation of 83%, and Euro Disneyland Participations S.A., a French corporation and an indirect 99.9%-owned subsidiary of TWDC, holding a participation of 17%. The Group has no ownership interest in the Phase IA Financing Company. The Company is jointly liable for a significant portion of the indebtedness of the Phase IA Financing Company (approximately two-thirds of the outstanding indebtedness due under the Phase IA Credit Facility). The partners are subject to unlimited joint and several liability for the financial obligations of the Phase IA Financing Company. The banks which are parties to the

Phase IA Credit Facility and the CDC, with regard to CDC *Prêts Participatifs*, however, have effectively waived any recourse against the partners of the Phase IA Financing Company. The Phase IA Financing Company has generated tax losses due to interest charges during the construction period and depreciation expense from the opening of Disneyland Park on April 12, 1992 until December 31, 1996. The legal structure of the Phase IA Financing Company enables its partners to take these French tax losses directly into their own accounts for French tax purposes. In return, the partners agreed to provide subordinated partners' advances to the Phase IA Financing Company at an interest rate below the market rate.

The Phase IA Financing Company is managed by a *gérant*, Société de Gérance d'Euro Disneyland S.A., a French SA and an indirect 99.8%–owned subsidiary of TWDC.

Phase IB Financing Companies

Hôtel New York Associés S.N.C., Newport Bay Club Associés S.N.C., Sequoia Lodge Associés S.N.C., Cheyenne Hotel Associés S.N.C., Hôtel Santa Fe Associés S.N.C. and Centre de Divertissements Associés S.N.C. are collectively, the Phase IB Financing Companies, each of which (i) rents the land on which the related hotel or Disney Village, as the case may be, is located, from EDL Hôtels S.C.A. pursuant to a building lease agreement relating to such land which is owned by EDL Hôtels S.C.A., (ii) owns the related hotel or Disney Village, as the case may be, and (iii) leases the related hotel or Disney Village to EDL Hôtels S.C.A. since the merger of Hôtel New York S.A., Newport Bay Club S.A., Sequoia Lodge S.A., Cheyenne Hôtel S.A., Hôtel Santa Fe S.A. and Centre de Divertissement S.A. into EDL Hôtels S.C.A. in fiscal year 2002, and (iv) is structured as a French SNC governed by the same principles as the Phase IA Financing Company.

The partners of the Phase IB Financing Companies are various banks and financial institutions that are lenders of the Phase IB Financing Companies. The Group has no ownership interest in the Phase IB Financing Companies. EDL Hôtels S.C.A., a wholly-owned subsidiary of the Company, has guaranteed all the obligations of the Phase IB Financing Companies with respect to the loans extended by their lenders and partners. The partners of the Phase IB Financing Companies are subject to unlimited joint and several liability for the obligations of the Phase IB Financing Companies. However, the lenders of the Phase IB Financing Companies have waived any recourse against the partners of the Phase IB Financing Companies. The Phase IB Financing Companies have consistently generated tax losses primarily due to interest charges during the construction period and depreciation expense from April 12, 1992 until December 31, 1995 with the exception of Centre de Divertissements Associés S.N.C., which generated tax losses until December 31, 1998. The legal structure of the Phase IB Financing Companies enabled their partners to take these French tax losses directly into their own accounts for French tax purposes. In return, the partners agreed to provide subordinated partners' advances to the Phase IB Financing Companies at an interest rate below the market rate.

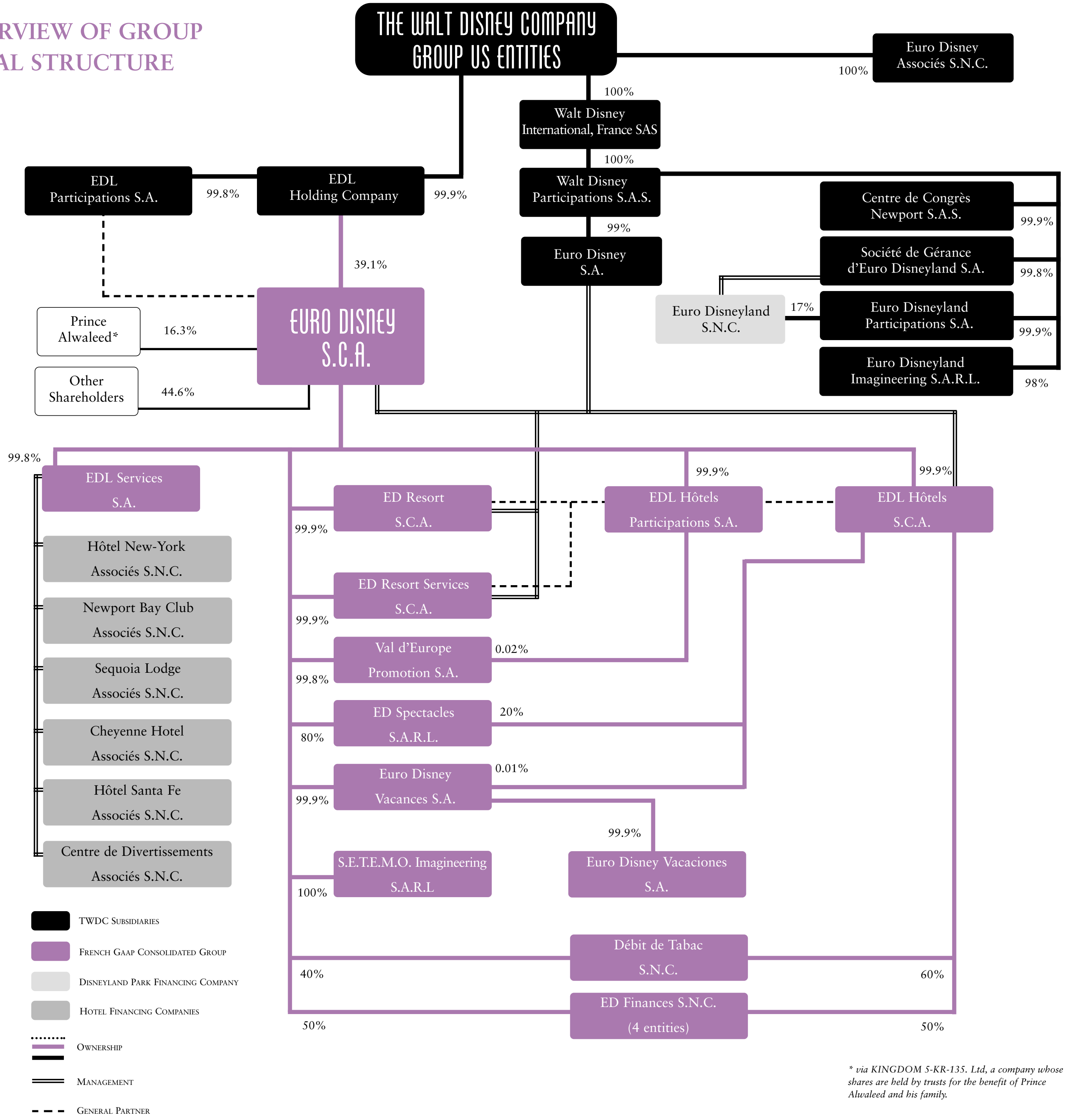
Pursuant to the respective by-laws of the Phase IB Financing Companies, the Gérant of each of the Phase IB Financing Companies is EDL Services S.A., a French SA and a 99.8%–owned subsidiary of the Company.

Centre de Congrès Newport S.A.S.

Centre de Congrès Newport S.A.S., a 99.9% affiliate of TWDC, structured as a French *société par actions simplifiée*, entered into a building lease with EDL Hôtels S.C.A. pursuant to which it financed the construction of the Newport Bay Club Convention Center and, when completed, leased it back pursuant to a leasing agreement to EDL Hôtels S.C.A. EDL Hôtels S.C.A. has an option to repurchase such assets.

Ownership structure of the Group

OVERVIEW OF GROUP LEGAL STRUCTURE



** via KINGDOM 5-KR-135. Ltd, a company whose shares are held by trusts for the benefit of Prince Alwaleed and his family.*

OVERVIEW OF FINANCING STRUCTURE